

Organization and Manpower Management

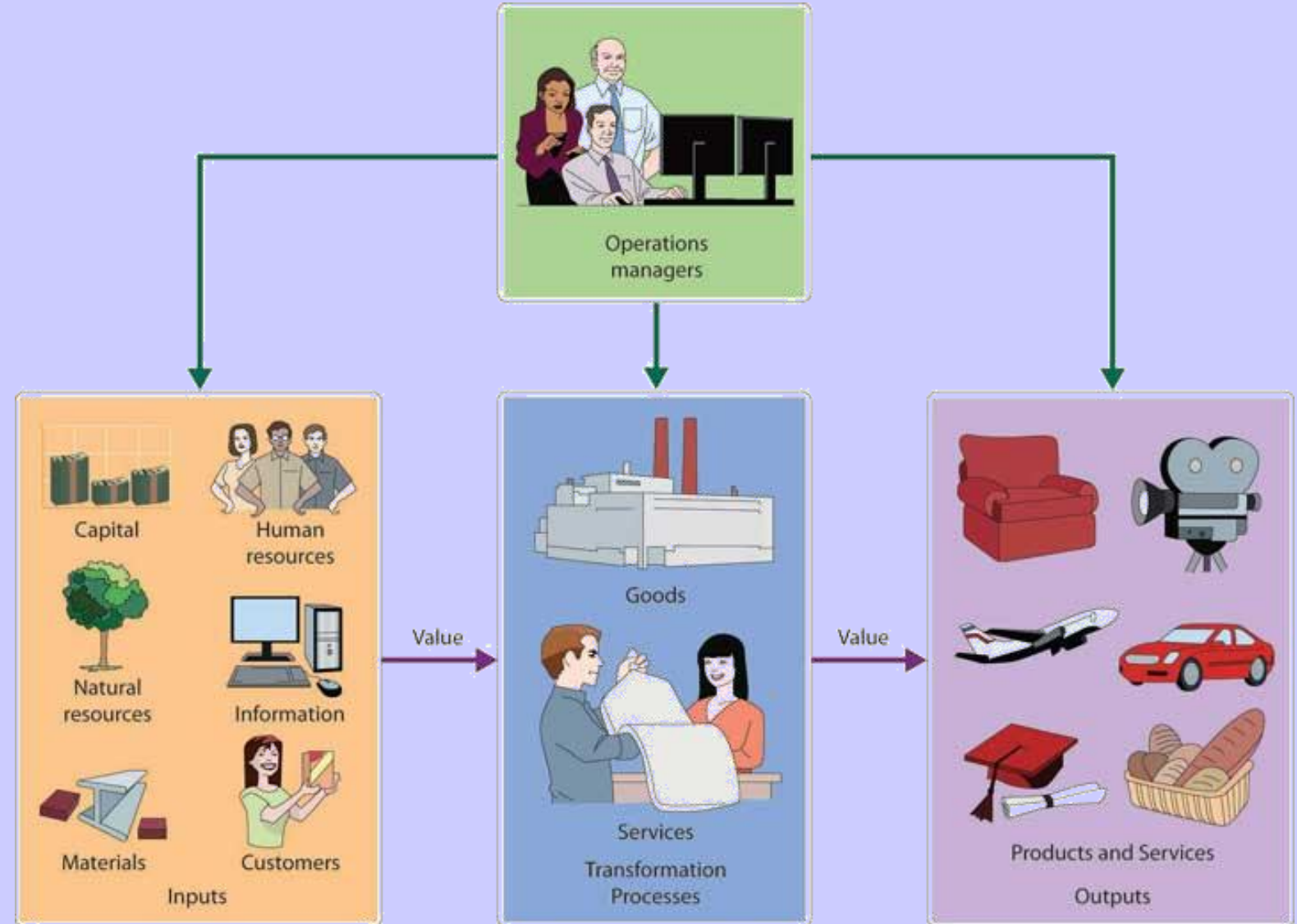
Dewi Hardiningtyas, ST., MT., MBA.



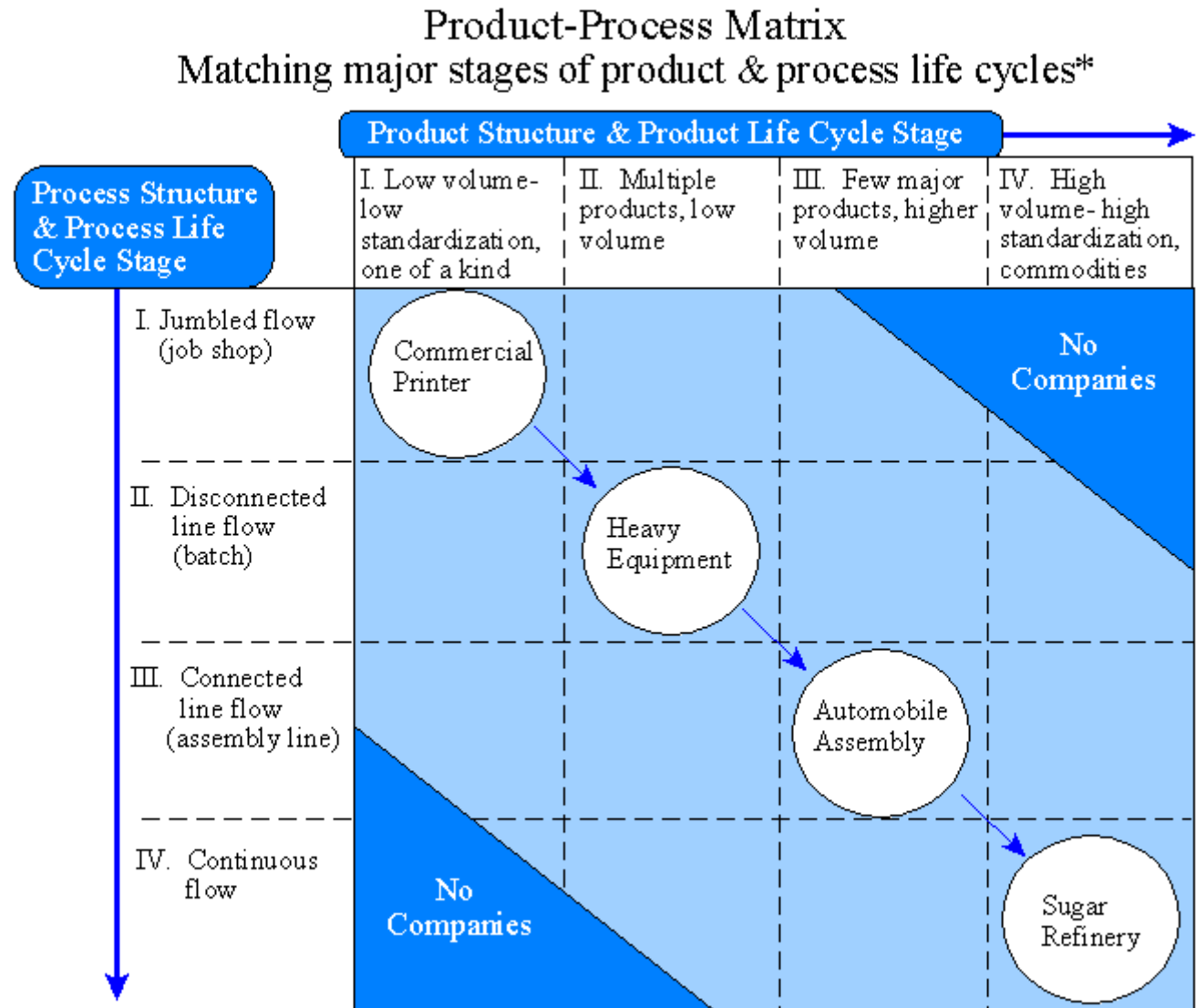
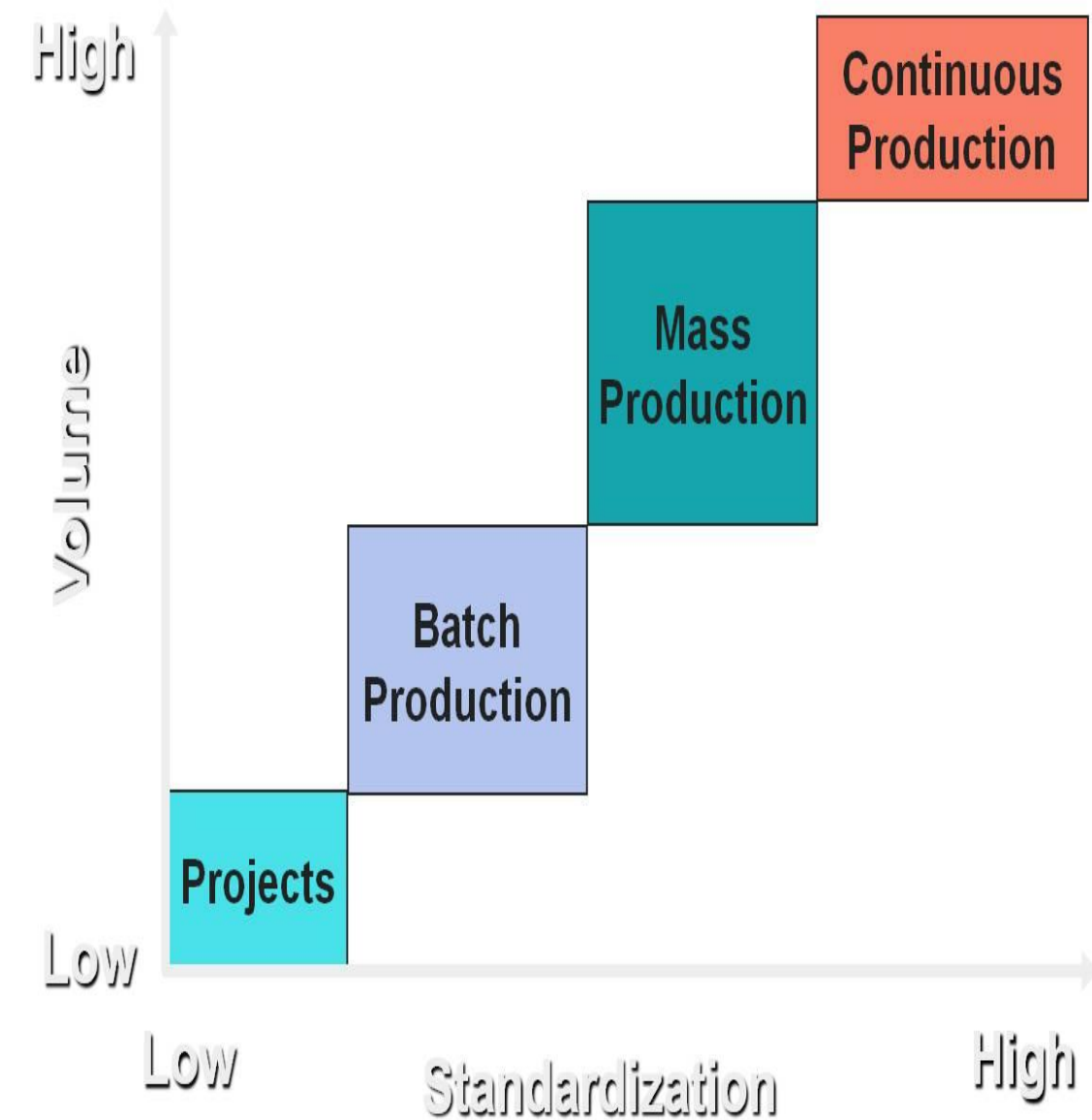
Input Output Diagram



The main task of an industrial engineer is specifying the “black-box” into an effective and efficient production/management design.



Product Process Matrix



* Adapted from Hayes & Wheelwright, Exhibit 1, p. 135.

Service Process Matrix

		Degree of Interaction & Customization	
		Low	High
Degree of Labor Intensity	Low	Service Factory: <ul style="list-style-type: none"> • Airlines • Trucking • Hotels • Resorts & Recreation 	Service Shop: <ul style="list-style-type: none"> • Hospitals • Auto Repair • Other Repair Services
	High	Mass Service: <ul style="list-style-type: none"> • Retailing • Wholesaling • Schools • Retail Aspects of Commercial Banking 	Professional Service: <ul style="list-style-type: none"> • Doctors • Lawyers • Accountants • Architects

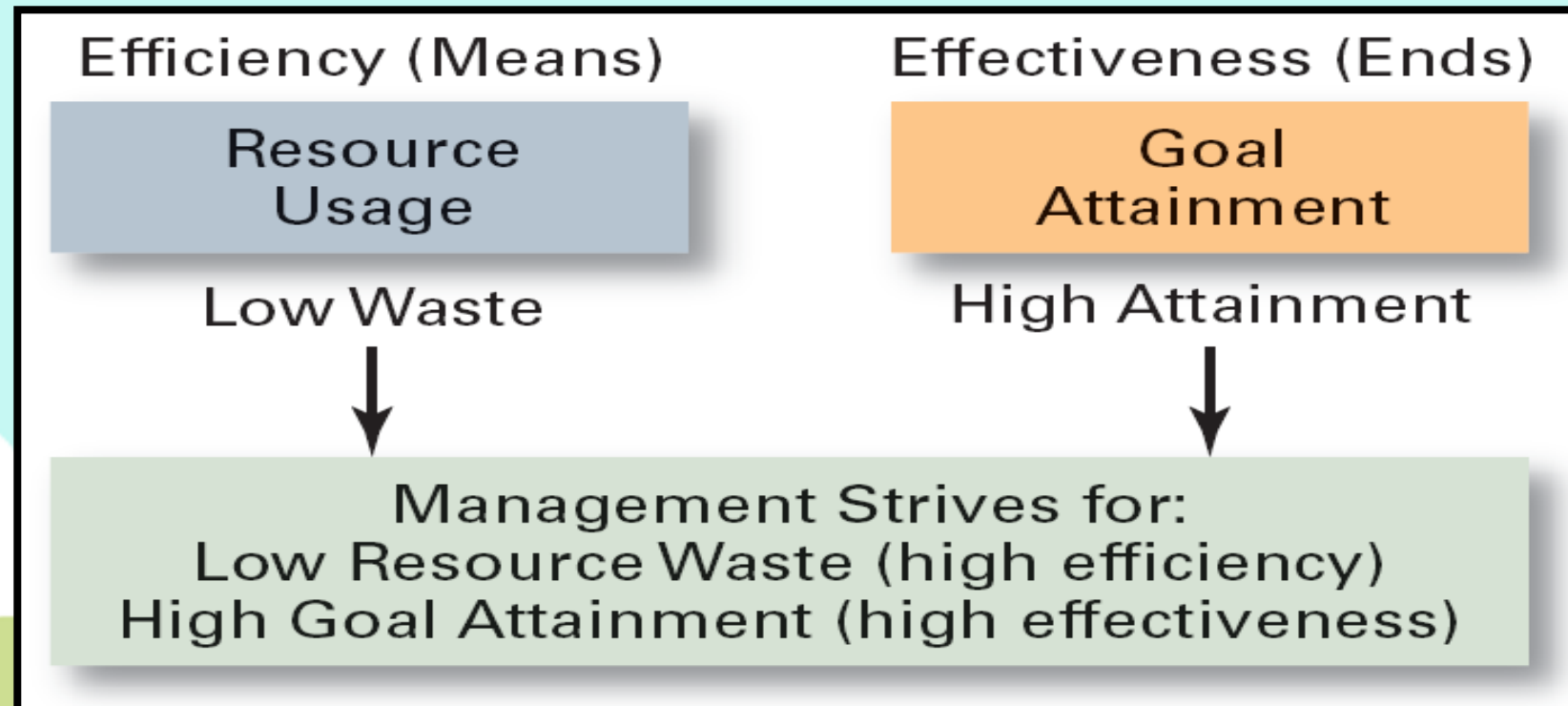
Source: Schmenner (1986)

Management and Organizations

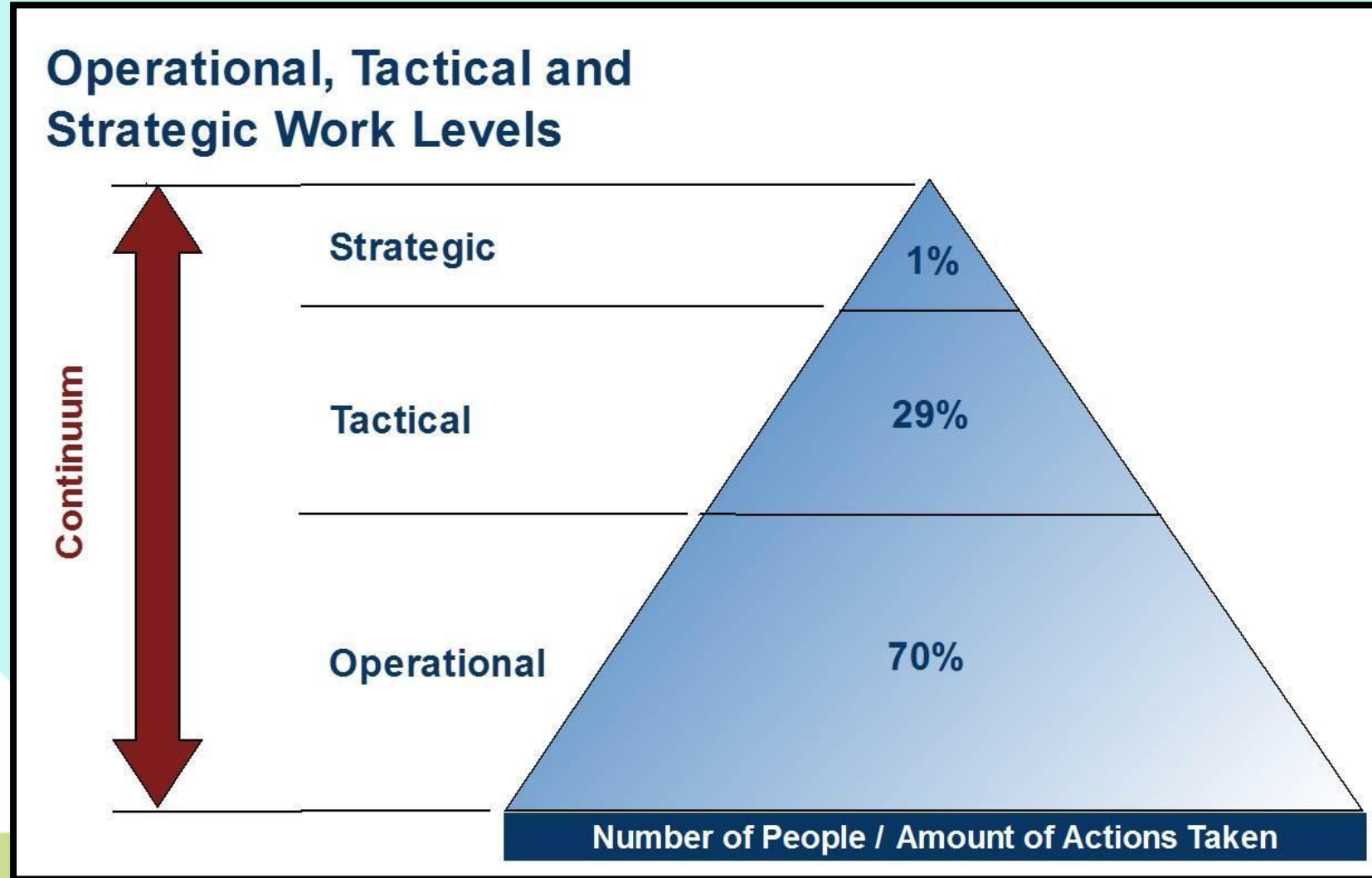


What is Management?

Management is the process of **coordinating work activities** so that they are completed **efficiently** and **effectively** with and through other people.



Work Level within Organization

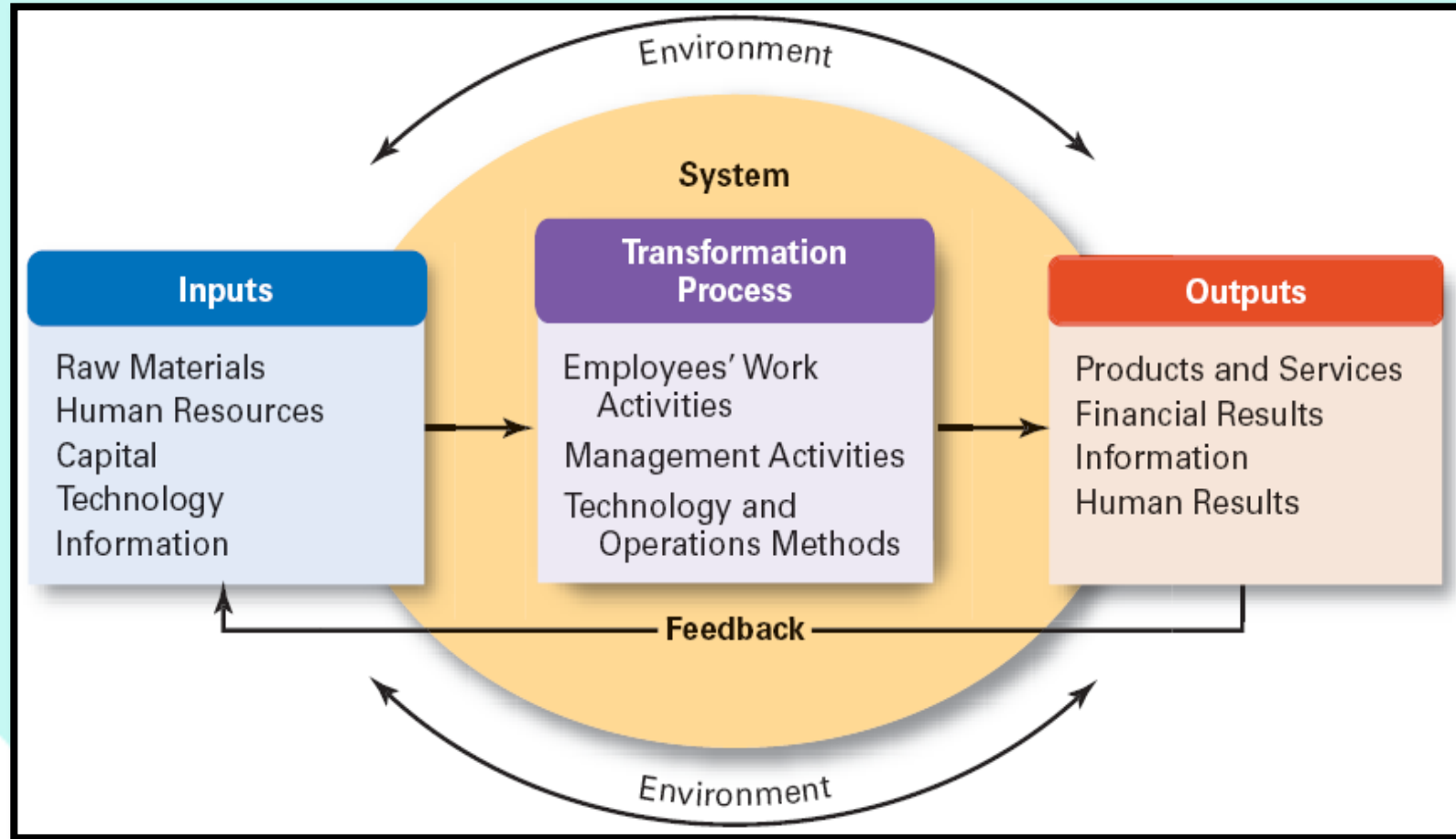


What as An Organization?

- An Organization defined as
 - a deliberate arrangement of people to accomplish some specific purpose
- Common Characteristics of Organizations
 - Have a distinct purpose (goal)
 - Composed of people
 - Have a deliberate structure



Organization Characteristic

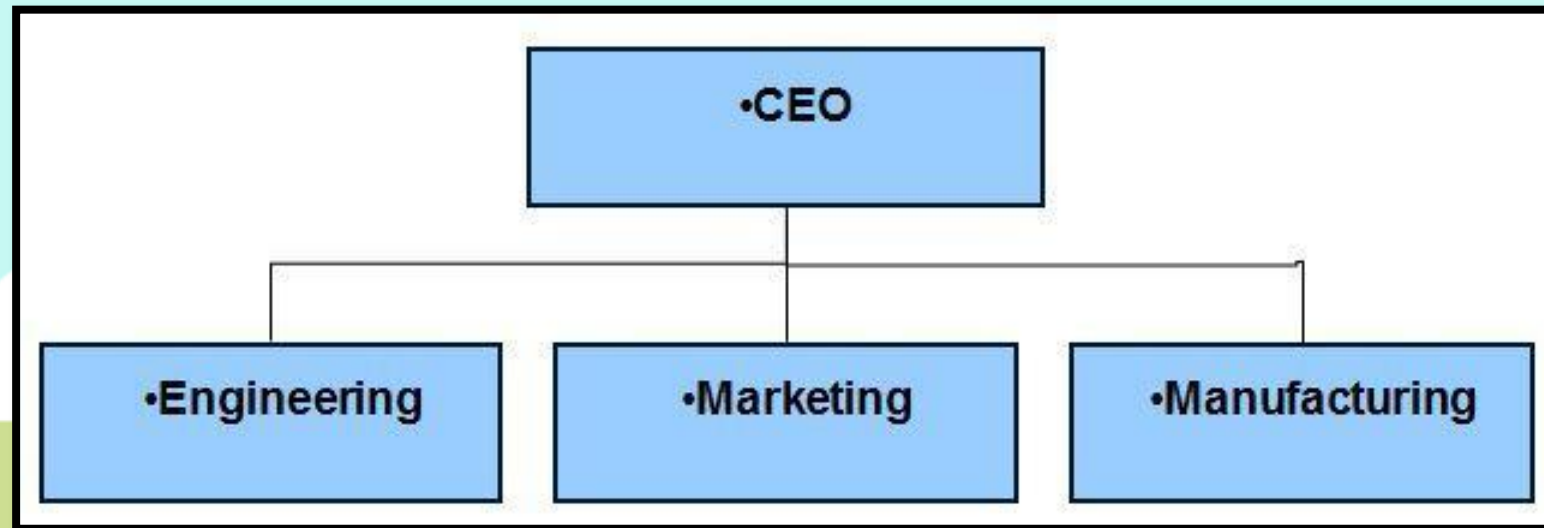


Universality Of Management



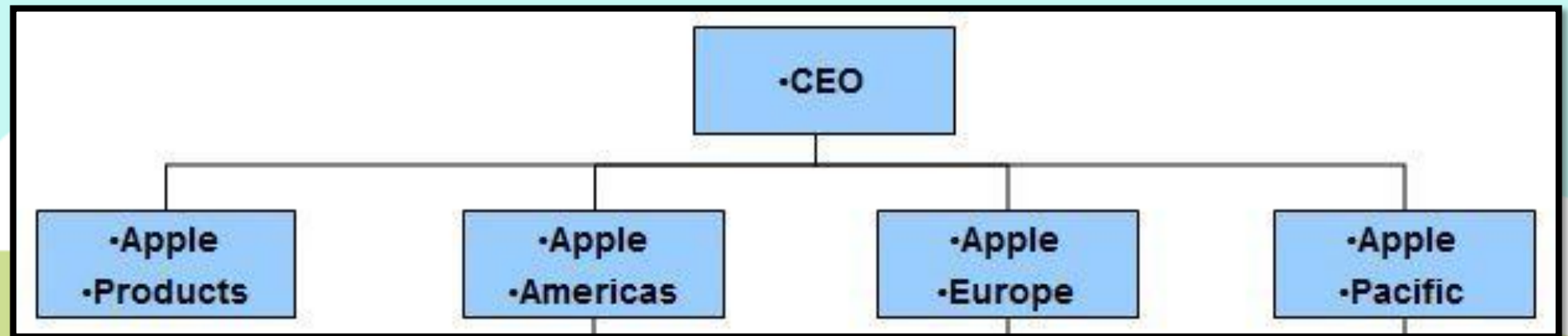
Type of Organization Structure : FUNCTIONAL

- Each portion of the organization is grouped according to its **purpose**.
- Works very well **for small businesses** in which each department can rely on the talent and knowledge of its workers and support itself.
- The coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately.

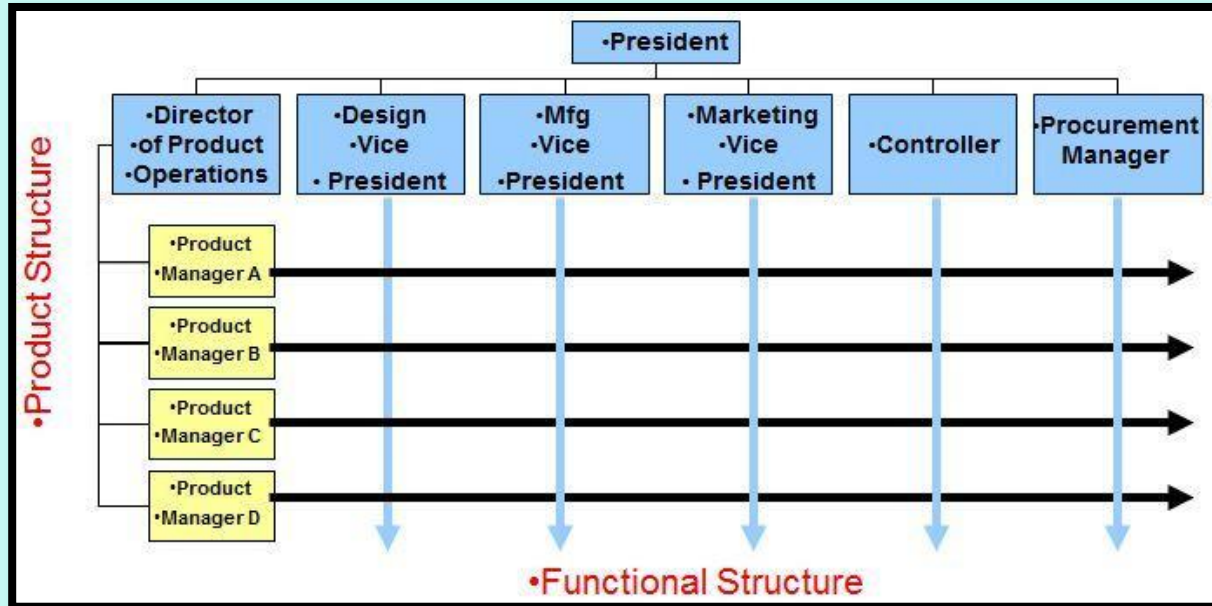


Type of Organization Structure : DIVISIONAL

- Used in **larger companies** that operate in a wide geographic area or that have separate smaller organizations within the umbrella group to cover different types of products or market areas.
- Needs can be met more rapidly and more specifically
- Communication is inhibited because employees in different divisions are not working together.
- It is costly because of its size and scope.



Type of Organization Structure : MATRIX



- A hybrid of **divisional and functional structure**.
- Typically used in **large multinational companies**
- Allows for the benefits of functional and divisional structures to exist in one organization.
- This can create power struggles because most areas of the company will have a dual management

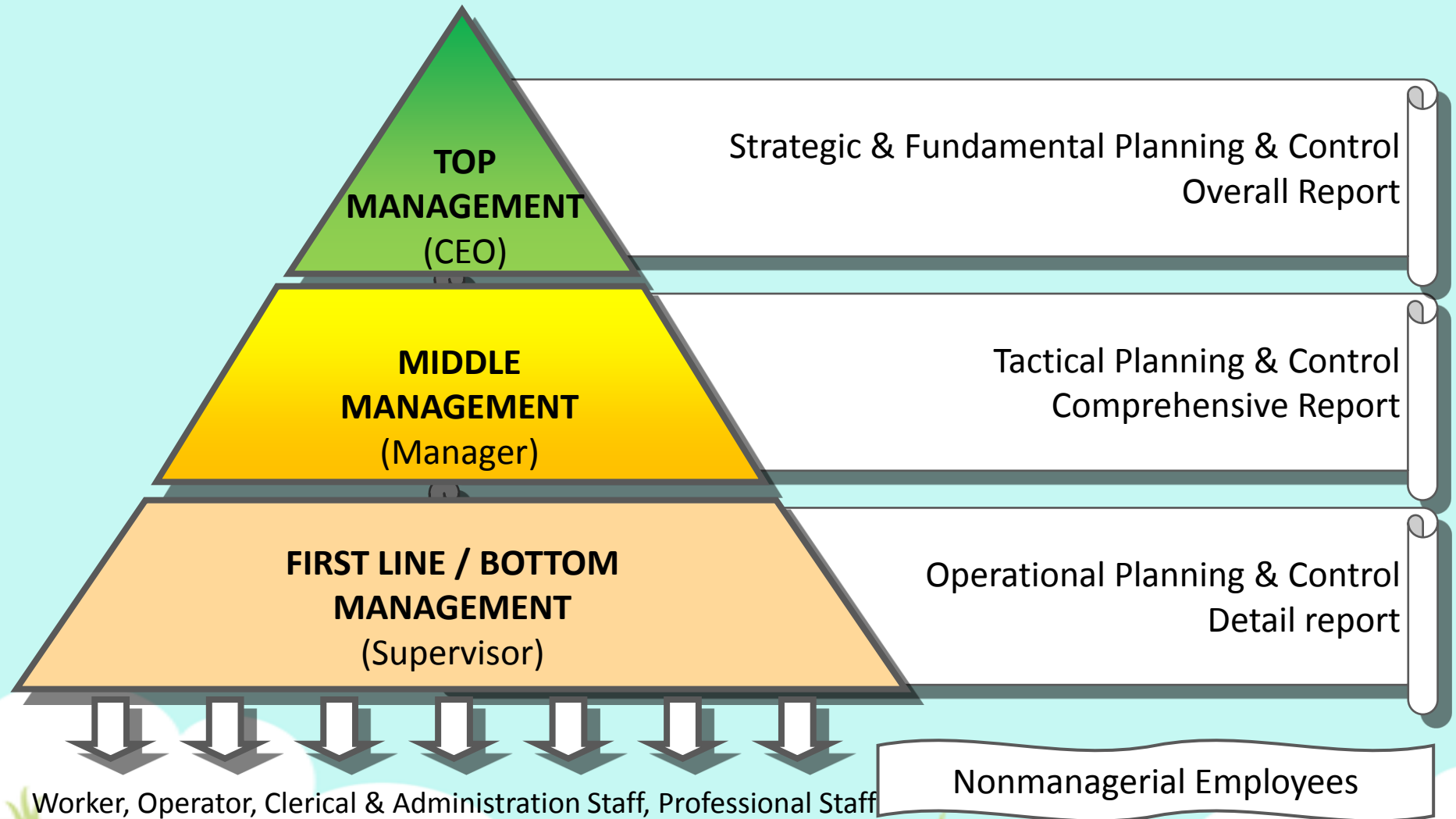


Who Are Managers?

- Someone who works with and through other people by coordinating their work activities in order to accomplish organizational goals.
- Level of Managers
- Manager's Functions
- Manager's Roles
- Manager's Skills

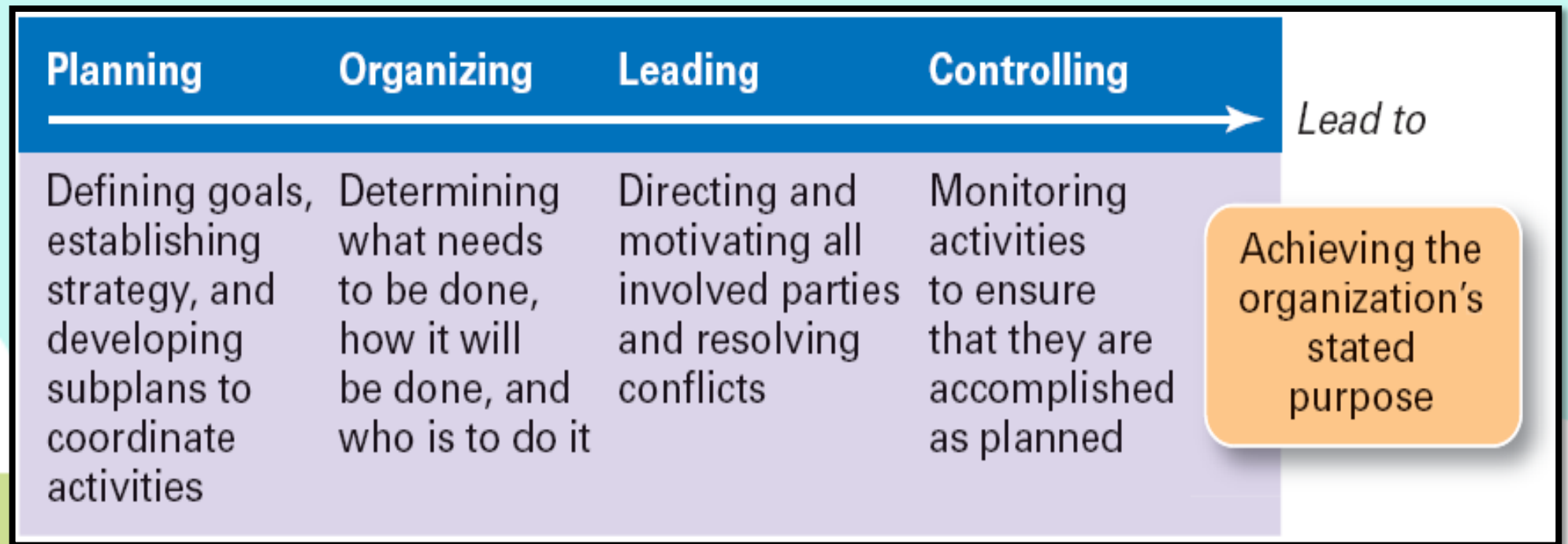


Level of Managers



Manager's Functions

- **Planning** : *“doubling our market share in five years...”*
- **Organizing** : *“who do what to increase our market share”*
- **Leading/Actuating** : *“Good job!...when you complete, you’ll be promoted”*
- **Controlling** : *“...this part still does not reach the standard”*



Manager's Roles

Interpersonal : Roles that involve people (subordinates and persons outside the organisation) and other duties that are ceremonial and symbolic-figurehead, leader, liaison

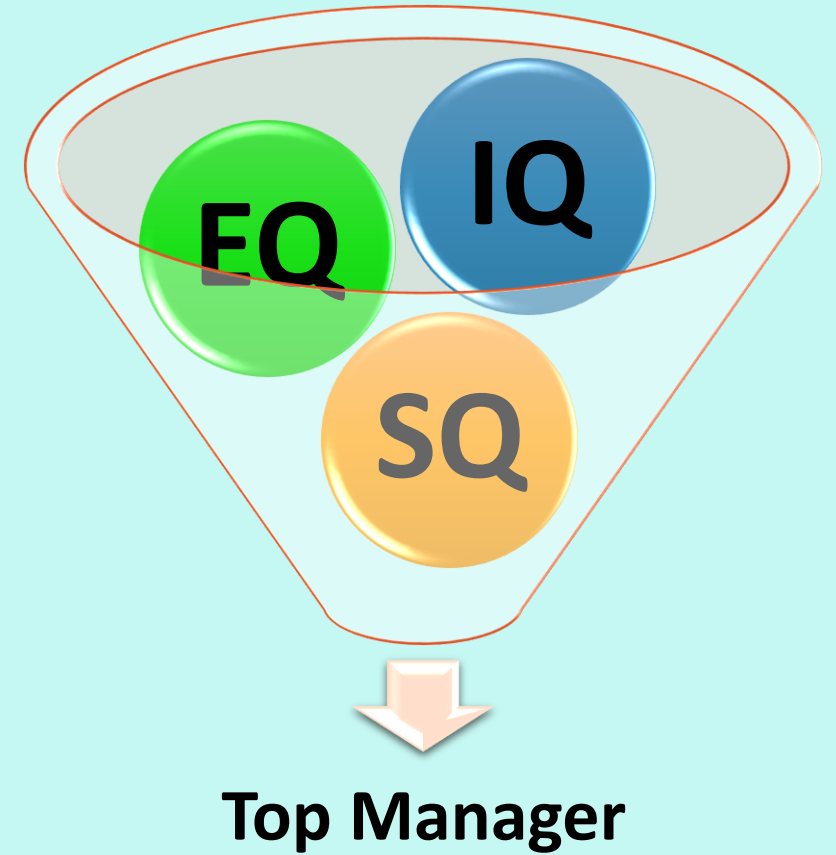
Decisional : Roles that involve making choices-entrepreneur, disturbance handler, resource allocator, negotiator

Informational : Roles that involve receiving, collecting and disseminating information-monitor, disseminator, spokesperson



Manager's Skills

- **Technical** : Knowledge and proficiency in a specific field
- **Human** : The ability to work well with other people
- **Conceptual** : The ability to think and conceptualize about abstract and complex situations concerning the organization



Manager's Skill

Top
Managers

Middle
Managers

Lower-level
Managers

**Conceptual
Skills**

**Human
Skills**

**Technical
Skills**



Level of Importance



What Makes a Good/Not-so-good Manager?

GOOD MANAGER

Technical

- *Professional,*
- Goodwill, willing to share his knowledge

Human

- Good coordinator
- Gain People's support
- Charming
- Friendly
- Nice

Conceptual

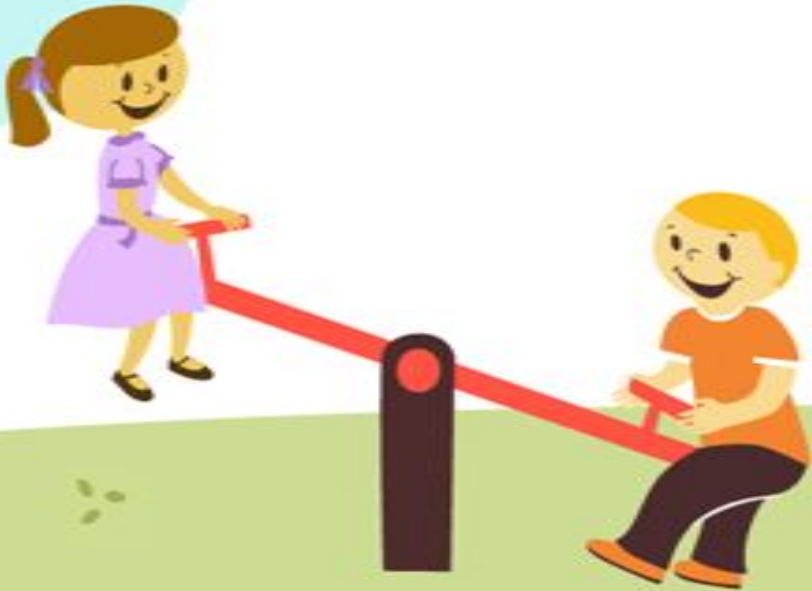
- Ability to think
- Logical
- Fast mover
- Chance/ Risk Taker

NOT-SO-GOOD MANAGER

- Lack of Knowledge
- Not Organized
- Difficult to find, always not in the office
- Talking but not working
- Highly paid
- Not presentable
- Careless
- Not communicate with Team members
- Not care about group members



Human Resource Management (HRM)



What is Human Resource Management?

- **Human Resource (HR) Management**
 - refers to the practices and policies one needs to carry out to deal with the personnel aspects of the management job
- **Human resource management (HRM) is the effective management of people at work**
 - The goal: **make workers more satisfied and productive**
 - When an organization is concerned about people, its total philosophy, culture, and orientation reflect it
- **Every manager must be concerned with people**, whether or not there is a human resources department



Brief History of HRM

The Industrial Revolution (18th century)

- Changing work conditions, social patterns, and labor created a gap between workers and owners

Frederick W. Taylor

- **Father of Scientific Management :** Science, Harmony, Cooperation, Maximum output

Industrial psychology (1913)

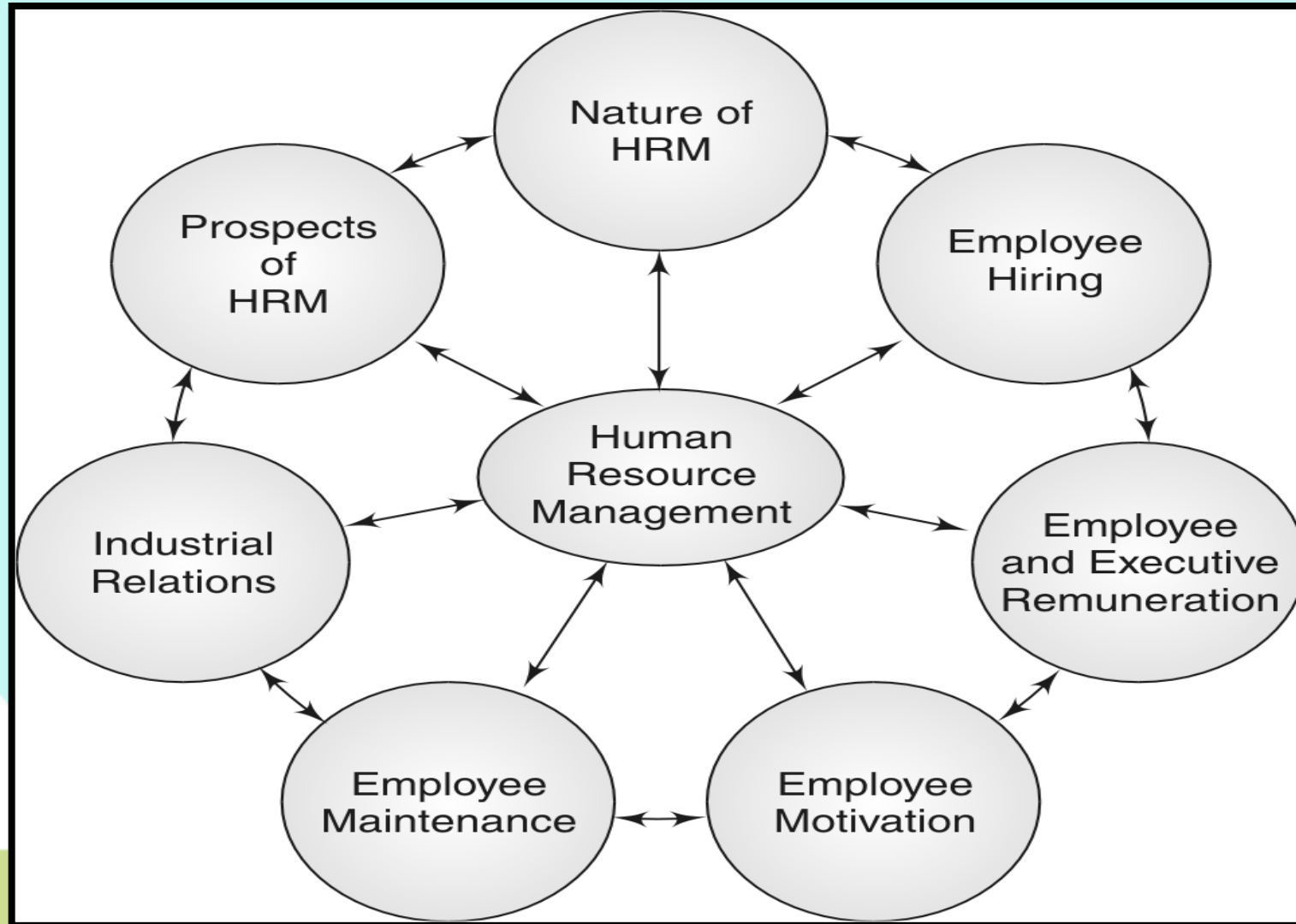
- Individual differences, the maximum well being of the worker

The Hawthorne studies (1924-1933):

- The effects of illumination on workers and their output. But, it pointed out the importance of social interaction on output and satisfaction



Scope of HRM

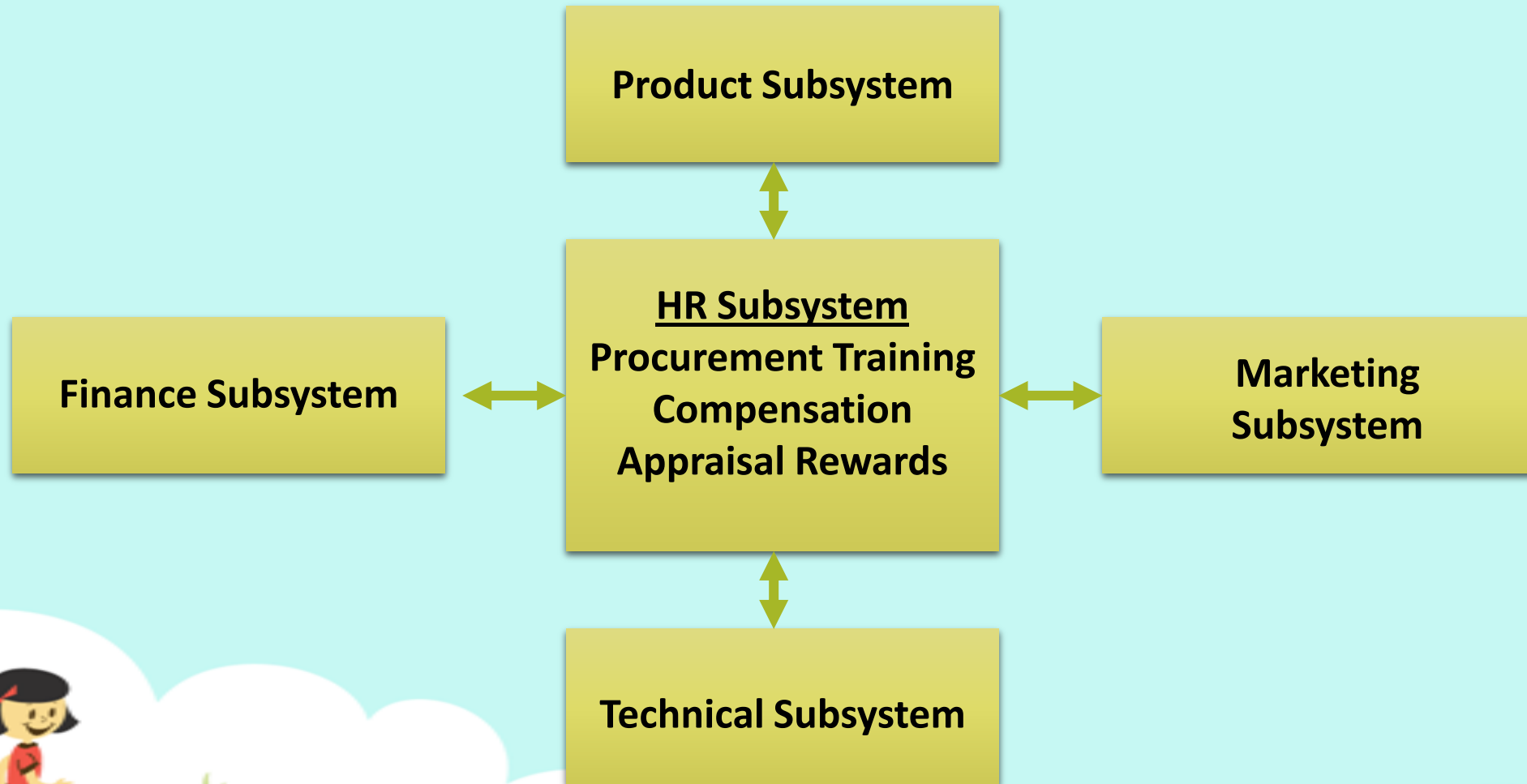


HRM's Place in Management

- **The HR department must be a proactive, integral part of management and strategic planning**
 - Ascertain specific organizational needs for the use of its competence
 - Evaluate the use and satisfaction among other departments
 - Educate management and employees about the availability and use of HRM services
- **HRM strategic plans must build on the firm's strengths**



HRM as A Central Subsystem in An Organization



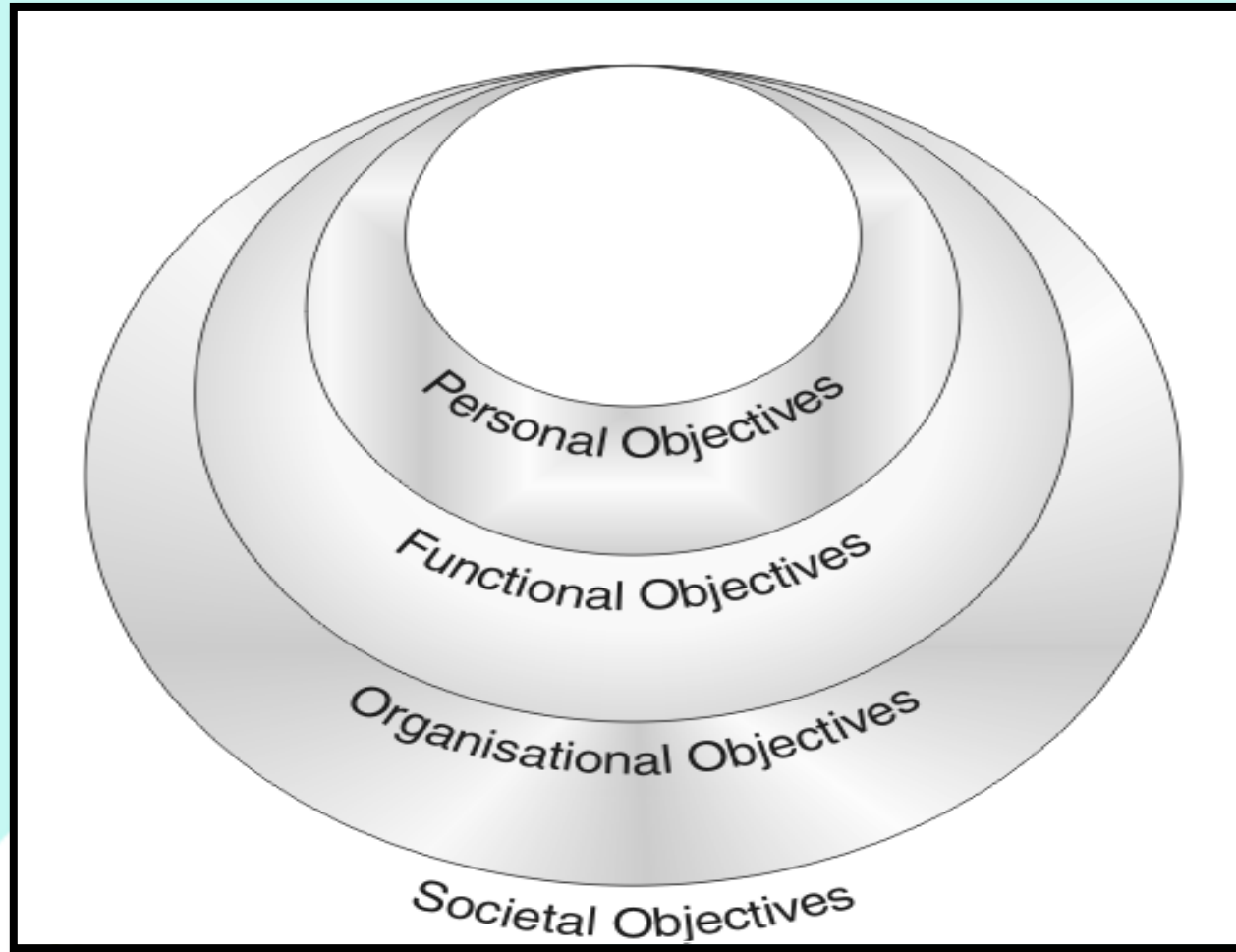
Importance of HRM

Good HR Practices help

- ❖ *attract* and retain talent
- ❖ *train* people for challenging roles
- ❖ *develop* skills and competencies
- ❖ *promote* team spirit
- ❖ *develop* loyalty and commitment
- ❖ *increase* productivity and profits
- ❖ *improve* job satisfaction
- ❖ *enhance* standard of living



Objectives of HRM



Objectives of HRM

- **Increasing employees' job satisfaction and self-actualization**
- **Increasing employees' Quality of Work life (QWL) :** supervisory style, freedom and autonomy to make decisions on the job, satisfactory physical surroundings, job safety, satisfactory working hours, meaningful tasks.
- **Communicating HRM policies to all employees**
- **HRM contributions to organizational effectiveness**
- **Managing increased urgency and faster cycle times**
- **Maintaining ethical policies and socially responsible behavior**



Functions of HRM

HRM

Managerial Functions

- Planning
- Organizing
- Directing
- Controlling

Procurement :

Job Analysis
HR planning
Recruitment
Selection
Placement
Induction
Internal mobility

Development:

Training
Executive development
Career planning
Succession planning
Human resources development strategies
Performance Appraisal

Motivation and Compensation:

Job design
Work scheduling
Motivation
Job evaluation
Performance and potential appraisal
Compensation administration
Incentives benefits and services

Maintenance:

Health
Safety
Welfare
Social security

Operative Functions

Integration:

Grievances
Discipline
Teams and teamwork
Collective bargaining
Participation
Empowerment
Trade unions
Employers' associations
Industrial relations

Emerging Issues:

Personnel records
Personnel audit
Personnel research
HR accounting
HRIS
Job stress
Mentoring
International HRM

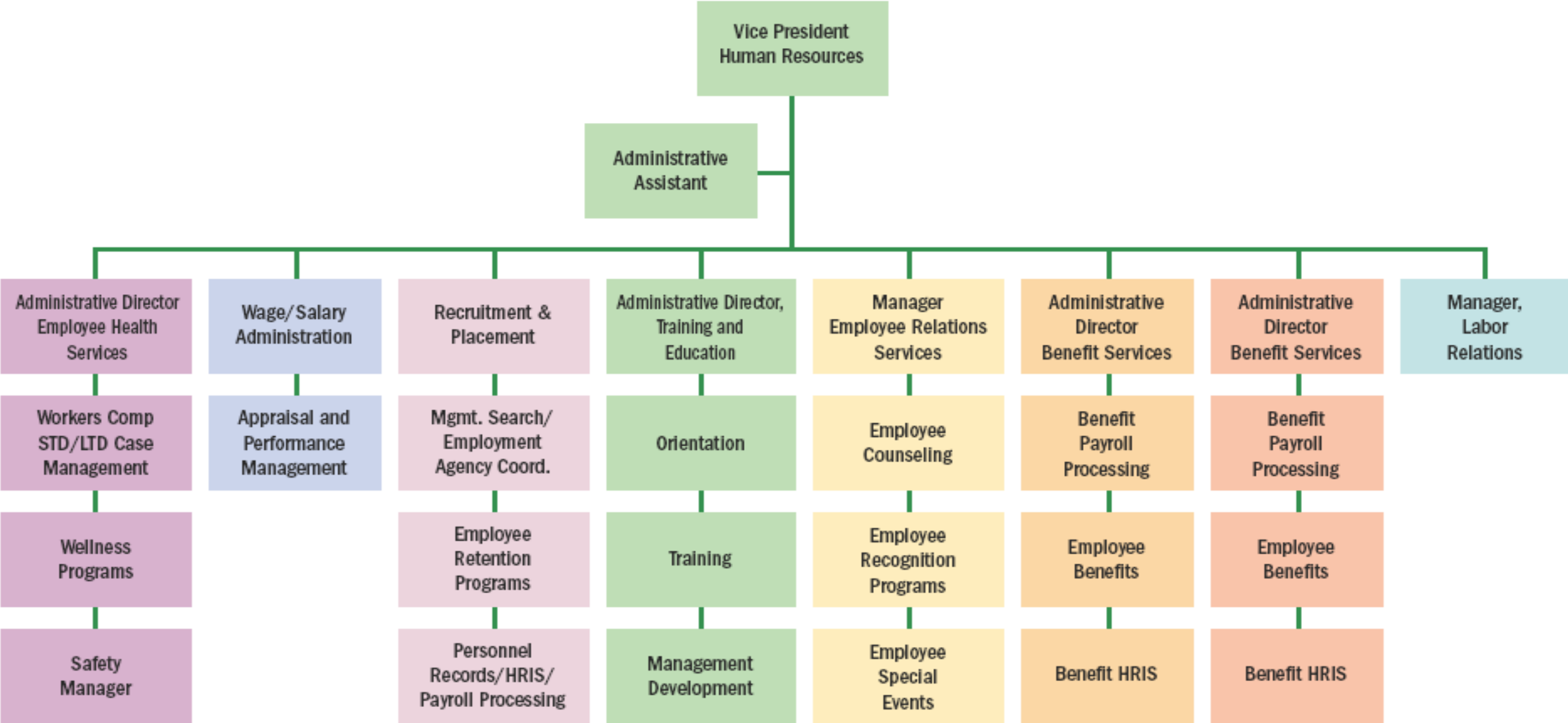


Personnel Mistakes

- Hire the wrong person for the job
- Experience high turnover
- Have your people not doing their best
- Waste time with useless interviews
- Have your company in court because of discriminatory actions
- Have your company receive penalties for unsafe practices
- Have some employees think their salaries are unfair and inequitable relative to others in the organization
- Allow a lack of training to undermine your department's effectiveness
- Commit any unfair labor practices



Example of HRD Organizational Chart (Large Company)



HRM Strategy

- **Compensational (Transactional vs. Intrinsic Reward System)**
 - Transactional Reward System : approach to employee–management relations.
 - Intrinsic Reward System : approach to trust and recognition.
- **Involvement-Transformational vs. Inducement-Transactional HRM Systems**
 - Inducement human resource strategy is based on the concept of motivation through rewards and punishment.
 - Investment human resource strategy is built around extensive training and development.
 - Involvement human resource strategy is built around creating a very high level of employee commitment



HR Metrics

- Absence Rate

$$\left[\frac{\text{(Number of days absent in month)}}{\text{(Average number of employees during mo.)} \times \text{(number of workdays)}} \right] \times 100$$

- Cost per Hire

$$\frac{\text{(Advertising + Agency Fees + Employee Referrals + Travel cost of applicants and staff + Relocation costs + Recruiter pay and benefits)}}{\text{Number of Hires}}$$

- Health Care Costs per Employee

$$\text{Total cost of health care} \div \text{Total Employees}$$

- HR Expense Factor

$$\text{HR expense} \div \text{Total operating expense}$$



HR Metrics (cont'd)

- Human Capital ROI

$$\frac{\text{Revenue} - (\text{Operating Expense} - [\text{Compensation cost} + \text{Benefit cost}])}{(\text{Compensation cost} + \text{Benefit cost})}$$

- Human Capital Value Added

$$\frac{\text{Revenue} - (\text{Operating Expense} - ([\text{Compensation cost} + \text{Benefit Cost}])}{\text{Total Number of FTE}}$$

- Revenue Factor

$$\text{Revenue} \div \text{Total Number of FTE}$$

- Time to fill

$$\text{Total days elapsed to fill requisitions} \div \text{Number hired}$$



HR Metrics (cont'd)

- Training Investment Factor

Total training cost ÷ Headcount

- Turnover Costs

Cost to terminate + Cost per hire + Vacancy Cost + Learning curve loss

- Turnover Rate

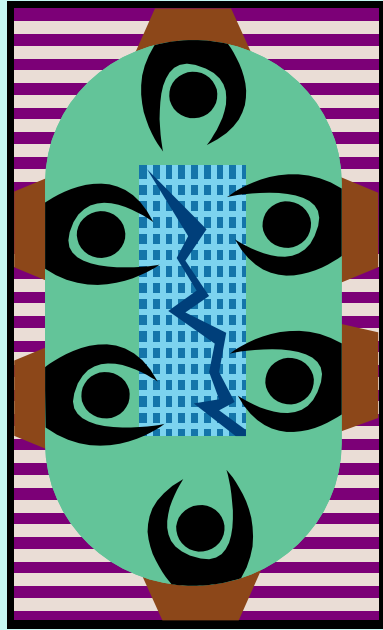
$$\left[\text{Number of separations during month} \div \text{Average number of employees during month} \right] \times 100$$

- Workers' Compensation Cost per Employee

Total WC cost for Year ÷ Average number of employees



Measuring HR's Contribution



- The HR Scorecard
 - Shows the quantitative standards, or “metrics” the firm uses to measure HR activities.
 - Measures the employee behaviors resulting from these activities.
 - Measures the strategically relevant organizational outcomes of those employee behaviors.



Benefits of a High Performance Work System (HPWS)

- Generate more job applicants
- Screen candidates more effectively
- Provide more and better training
- Link pay more explicitly to performance
- Provide a safer work environment
- Produce more qualified applicants per position
- More employees are hired based on validated selection tests
- Provide more hours of training for new employees
- Higher percentages of employees receiving regular performance appraisals



HR and Technology

- Benefits of technological applications for HR
 - Intranet-based employee portals through which employees can self-service HR transactions.
 - The availability of centralized call centers staffed with HR specialists.
 - Increased efficiency of HR operations.
 - The development of data warehouses of HR-related information.
 - The ability to outsource HR activities to specialist service providers.



Industrial Psychology



Leadership

- **Leadership is a process of social influence, which maximizes the efforts of others, towards the achievement of a goal (Forbes).**
- Leadership occurs when one group member modifies the motivation and competencies of others in the group (Bass 1990).
 - Work motivation is the willingness of an individual to invest energy in productive activity.
 - A core outcome of effective leadership is a higher willingness on the part of the employees to invest energy in performing their tasks.



Linkages between Leadership in HRM

New Leadership and Motivation Paradigms :

- Transformational, Charismatic, Visionary Leadership
- Expressive, Collectivistic, Intrinsic, Long-term Motivation

Organizational Outcomes:

- Performance
- Employee Development

Implications for Strategic HRM

- Recruiting
- Performance Management
- Training and Development
- Compensation



Work Motivation

- **From a Calculative–Rational toward an Emotional–Expressive Motivation to Work**

- Classic theories assume that supervisors, managers, leaders, and their followers are able to calculate correctly or learn expected outcomes associated with the exercise of theoretically specified behaviors.
- We are motivated to do things because it makes sense to do them from a rational-instrumental point of view, but also because by doing so we can discharge moral obligations or because through such a contribution we can establish and affirm a cherished identity for ourselves.

- **From an Individualistic-Oriented toward a Collectivistic-Oriented Motivation to Work**

- People who identify with a group or organization take pride in being part of it and regard membership as one of their most important social identities. High social identification may be associated with a collectivistic orientation in the sense that the group member is willing to contribute to the group even in the lack of personal benefits, places the needs of the group above individual needs, and sacrifices self-interest for the sake of the group

- **From Extrinsic toward Intrinsic Motivation to Work**

- Extrinsic needs demand gratification by rewards that are external to the job itself. Extrinsic motivation derives from needs for pay, praise from superiors and peers, status and advancement, or physically comfortable working conditions. Intrinsic needs are satisfied when the activities that comprise the job are themselves a source of gratification. The desire for variety, for meaning and hope, and for challenging one's intellect in novel ways are examples of intrinsic motivation



Four Core Processes Of Charismatic Leaders

- **By increasing the intrinsic value of effort**
 - that is, increasing followers' intrinsic motivation by emphasizing the symbolic and expressive aspects of the effort, the fact that the effort itself reflects important values.
- **By empowering the followers not only by raising their specific self-efficacy perceptions, but also by raising their generalized sense of self-esteem, self-worth, and collective efficacy.**
- **By increasing the intrinsic value of goal accomplishment**
 - that is, by presenting goals in terms of the value they represent. Doing so makes action oriented toward the accomplishment of these goals more meaningful to the follower in the sense of being consistent with his or her self-concept.
- **By increasing followers' personal or moral commitment.**
 - This kind of commitment is a motivational disposition to continue a relationship, role, or course of action and invest effort regardless of the balance of external costs and benefits and their immediate gratifying properties.





KEEP
CALM
YOU'RE AN
INDUSTRIAL
ENGINEER

