

**Regents Park Publishers**

**Tutorial**



**DEN 423**

**Human  
Resources**



# *Rusty Wallace's NASCAR Racing Team*

- ◆ **NASCAR racing became very popular in the 1990s with huge sponsorship and prize money**
- ◆ **High performance pit crews are a key element of a successful race team**
- ◆ **Pit crew members can earn \$100,000 per year – for changing tires!**

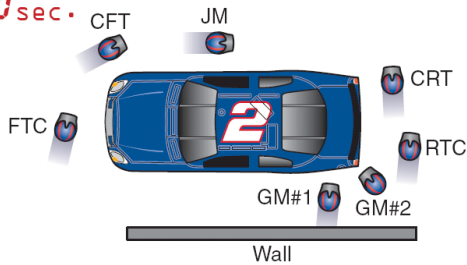
# *Rusty Wallace's NASCAR Racing Team*

- ◆ Each position has very specific work standards
- ◆ Pit crews are highly organized and go through rigorous physical training
- ◆ Pit stops are videotaped to look for improvements

# Rusty Wallace's NASCAR Racing Team

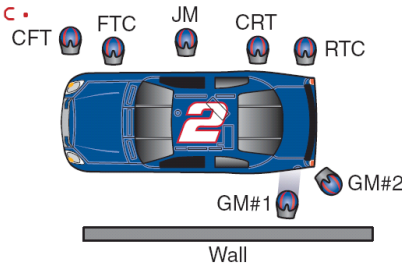
**1** Wallace's car pulls into the pit; the crew rushes to the right side of the car to begin service.

0.0 sec.



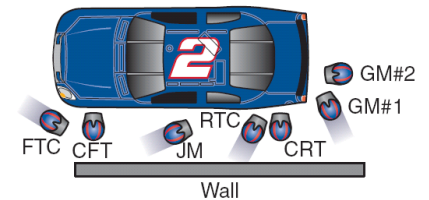
**2** Right side is jacked up, tire starts to come off; gas man is emptying his first can.

3.1 sec.



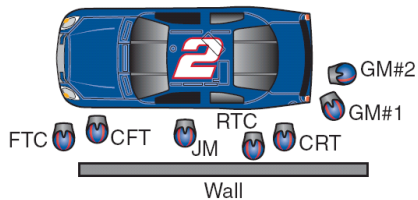
**3** Action shifts to driver's side of the car; gas man carries second can of gas in.

8.9 sec.



**4** The second can of gas is being emptied; driver's side tires are being changed.

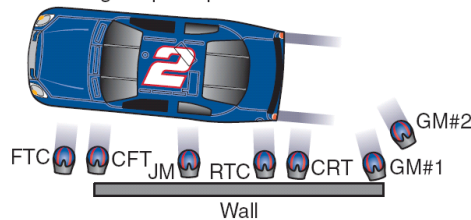
13.7 sec.



**5** Service is complete. The jackman drops the car, which is the signal to the Wallace driver to exit the pit.

15.4 sec.

A good pit stop will take about 16 seconds.



Movement of the pit crew members who go over the wall...

JM = Jackman

FTC = Front tire carrier

CFT = Changer front tire

RTC = Rear tire carrier

CRT = Changer rear tire

GM#1 = Gas man #1

GM#2 = Gas man #2

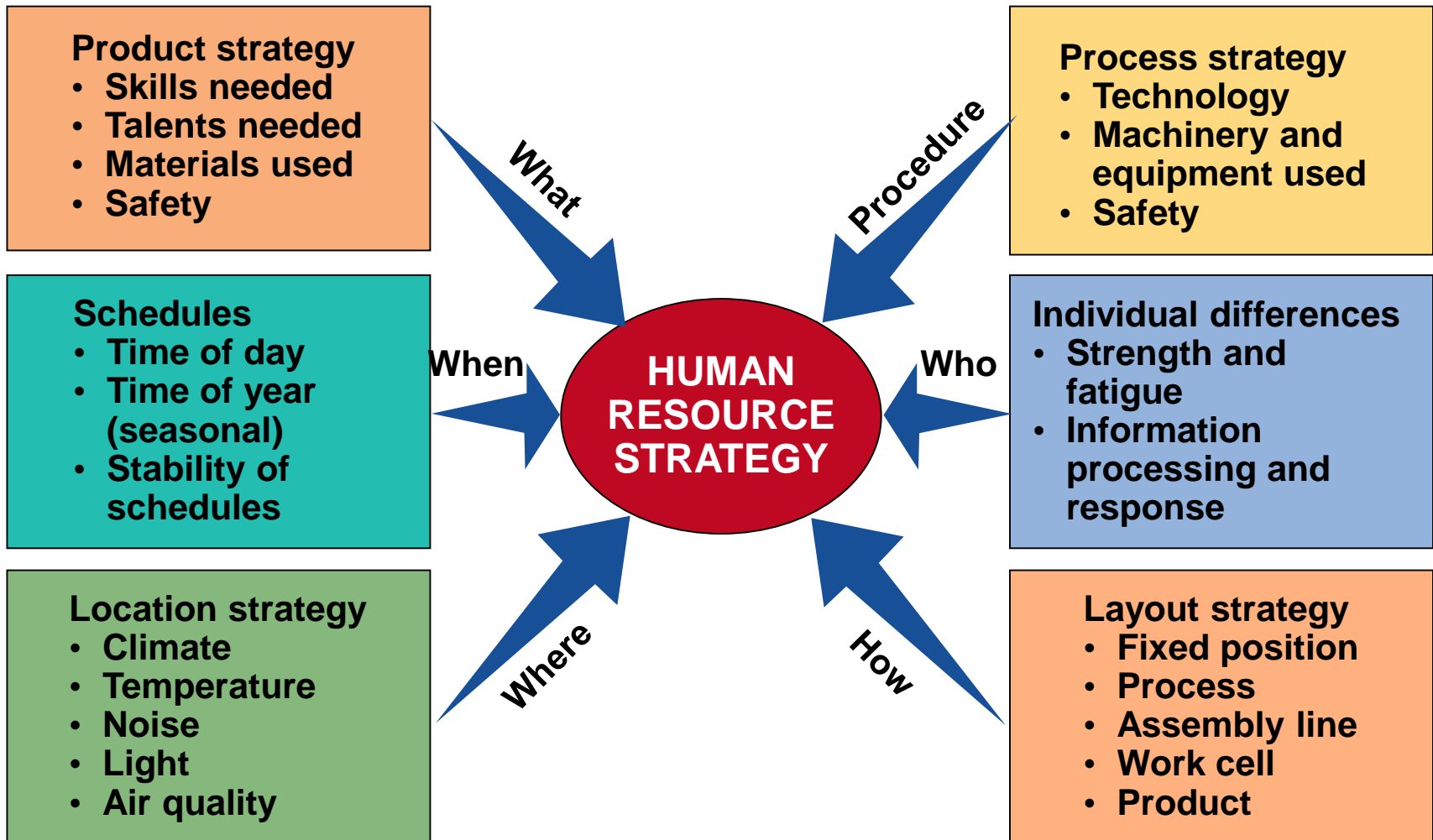
# ***Human Resource Strategy***

**The objective of a human resource strategy is to manage labor and design jobs so people are effectively and efficiently utilized**

# ***Human Resource Strategy***

- 1. People should be effectively utilized within the constraints of other operations management decisions**
- 2. People should have a reasonable quality of work life in an atmosphere of mutual commitment and trust**

# Constraints on Human Resource Strategy



# *Labor Planning*

## **Employment Stability Policies**

### **1. Follow demand exactly**

- ◆ **Matches direct labor costs to production**
- ◆ **Incurs costs in hiring and termination, unemployment insurance, and premium wages**
- ◆ **Labor is treated as a variable cost**



# *Labor Planning*

## **Employment Stability Policies**

### **2. Hold employment constant**

- ◆ **Maintains trained workforce**
- ◆ **Minimizes hiring, termination, and unemployment costs**
- ◆ **Employees may be underutilized during slack periods**
- ◆ **Labor is treated as a fixed cost**

# ***Work Schedules***

- ◆ **Standard work schedule**
  - ◆ **Five eight-hour days**
- ◆ **Flex-time**
  - ◆ **Allows employees, within limits, to determine their own schedules**
- ◆ **Flexible work week**
  - ◆ **Fewer but longer days**
- ◆ **Part-time**
  - ◆ **Fewer, possibly irregular, hours**

# ***Job Classification and Work Rules***

- ◆ **Specify who can do what**
- ◆ **Specify when they can do it**
- ◆ **Specify under what conditions they can do it**
- ◆ **Often result of union contracts**
- ◆ **Restricts flexibility in assignments and consequently efficiency of production**

# ***Job Design***

- ◆ **Specifying the tasks that constitute a job for an individual or a group**
  - 1. Job specialization**
  - 2. Job expansion**
  - 3. Psychological components**
  - 4. Self-directed teams**
  - 5. Motivation and incentive systems**

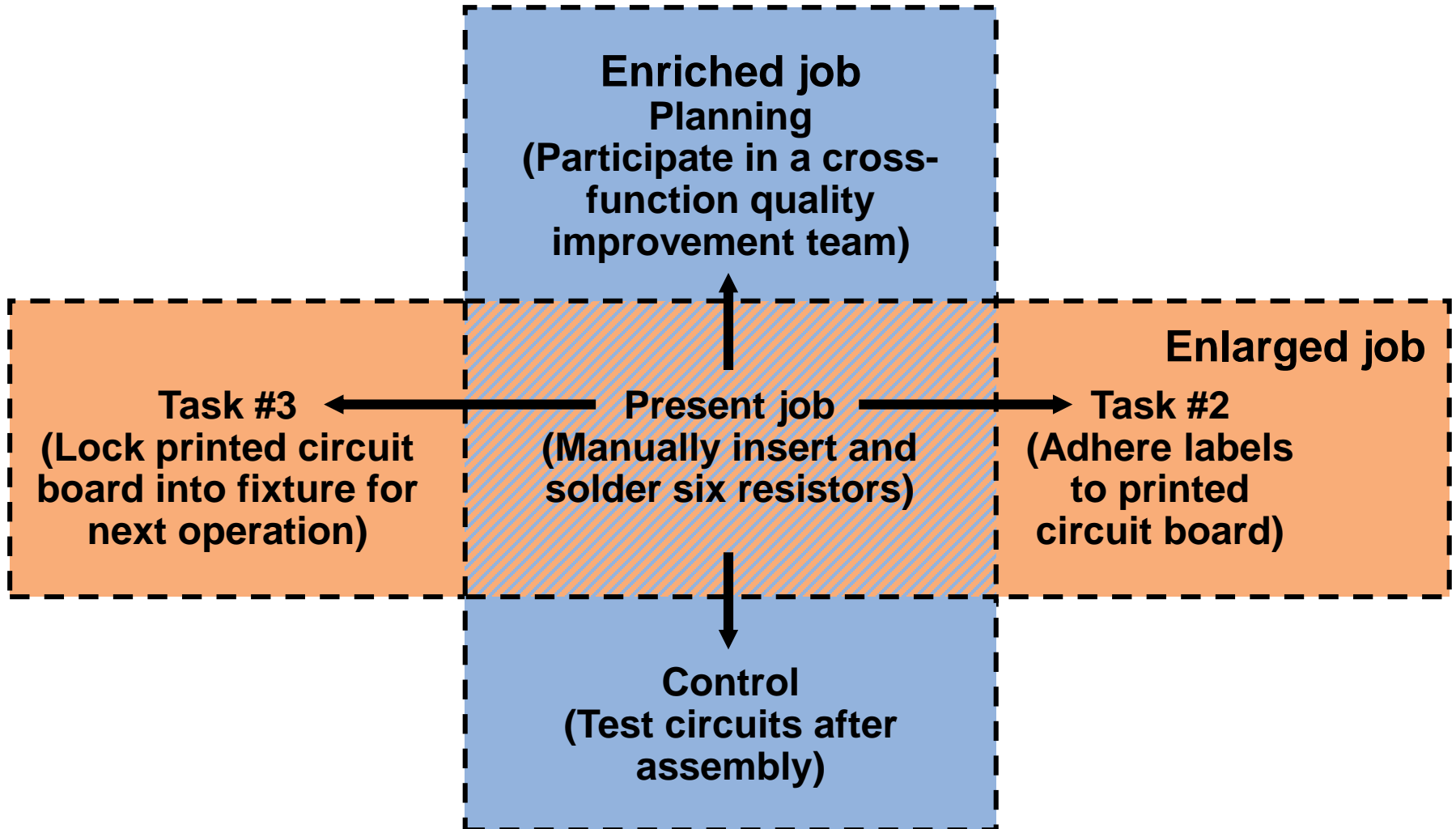
# ***Labor Specialization***

- ◆ **The division of labor into unique tasks**
- ◆ **First suggested by Adam Smith in 1776**
  - 1. Development of dexterity**
  - 2. Less loss of time**
  - 3. Development of specialized tools**
- ◆ **Later Charles Babbage (1832) added another consideration**
  - 1. Wages exactly fit the required skill required**

# ***Job Expansion***

- ◆ **Adding more variety to jobs**
- ◆ **Intended to reduce boredom associated with labor specialization**
  - ◆ **Job enlargement**
  - ◆ **Job rotation**
  - ◆ **Job enrichment**
  - ◆ **Employee empowerment**

# ***Job Enlargement***



# *Psychological Components of Job Design*

**Human resource strategy requires consideration of the psychological components of job design**





# *Hawthorne Studies*

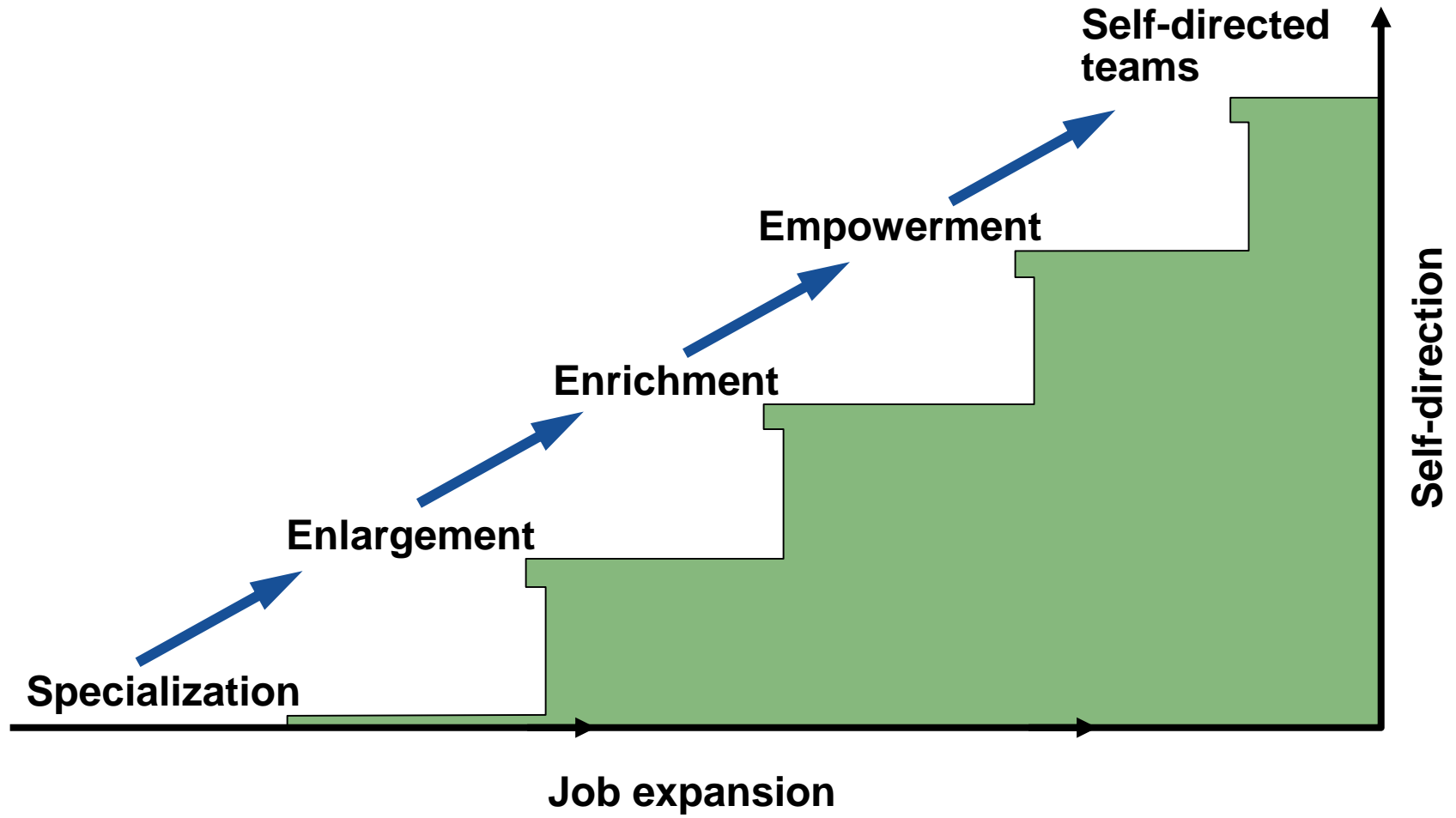
- ◆ They studied light levels, but discovered productivity improvement was independent from lighting levels
- ◆ Introduced psychology into the workplace
- ◆ The workplace social system and distinct roles played by individuals may be more important than physical factors
- ◆ Individual differences may be dominant in job expectation and contribution

# ***Core Job Characteristics***

**Jobs should include the following characteristics**

- 1. Skill variety**
- 2. Job identity**
- 3. Job significance**
- 4. Autonomy**
- 5. Feedback**

# *Job Design Continuum*



# ***Self-Directed Teams***

- ◆ **Group of empowered individuals working together to reach a common goal**
- ◆ **May be organized for long-term or short-term objectives**
- ◆ **Effective because**
  - ◆ **Provide employee empowerment**
  - ◆ **Ensure core job characteristics**
  - ◆ **Meet individual psychological needs**

# ***Self-Directed Teams***

**To maximize effectiveness, managers should**

- ◆ **Ensure those who have legitimate contributions are on the team**
- ◆ **Provide management support**
- ◆ **Ensure the necessary training**
- ◆ **Endorse clear objectives and goals**
- ◆ **Financial and non-financial rewards**
- ◆ **Supervisors must release control**

# ***Benefits of Teams and Expanded Job Designs***

- ◆ **Improved quality of work life**
- ◆ **Improved job satisfaction**
- ◆ **Increased motivation**
- ◆ **Allows employees to accept more responsibility**
- ◆ **Improved productivity and quality**
- ◆ **Reduced turnover and absenteeism**

# *Limitations of Job Expansion*

- 1. Higher capital cost**
- 2. Individuals may prefer simple jobs**
- 3. Higher wages rates for greater skills**
- 4. Smaller labor pool**
- 5. Higher training costs**

# *Limitations of Job Expansion*

## **Average Annual Training Hours/ Employee**

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<b>U.S.</b>	<b>7</b>
<b>Sweden</b>	<b>170</b>
<b>Japan</b>	<b>200</b>



# ***Motivation and Incentive Systems***

- ◆ **Bonuses - cash or stock options**
- ◆ **Profit-sharing - profits for distribution to employees**
- ◆ **Gain sharing - rewards for improvements**
- ◆ **Incentive plans - typically based on production rates**
- ◆ **Knowledge-based systems - reward for knowledge or skills**

# ***Ethics and the Work Environment***

- ◆ **Fairness, equity, and ethics are important constraints of job design**
- ◆ **Important issues may relate to equal opportunity, equal pay for equal work, and safe working conditions**
- ◆ **Helpful to work with government agencies, trade unions, insurers, and employees**

# *University of Michigan School of Thought*

**People are:**

- **dispensable**
- **will depreciate just like a piece of equipment**
- **should be replaced based on economics only**

# *Harvard University School of Thought*

**People are:**

- **your greatest assets**
- **they create your value**
- **Build a learning organization**
- **Focus on continuous improvement**

# ***References***

*Human Resources at Hard  
Rock Cafe*

# Regents Park Publishers



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**End**