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# Work Design and HR Planning: A Strategic Perspective

Ashish Malik

## Key Learning Outcomes

At the end of this chapter, you should be able to:

- *Define the terms HR planning and work design from a strategic perspective*
- *Describe the dominant approaches to HR planning*
- *Evaluate the effectiveness of commonly used analytical HR planning techniques*

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## Introduction

The second part of the book focuses on the strategic application of functional HRM and ER practices. This chapter focuses on two key preliminary HRM practices: work design and human resource planning, which are core elements of an individual's employment lifecycle and trigger recruitment and selection. Appropriate work design choices must suit the business needs so one can decide how to plan the resourcing of people needed for the jobs they have to perform. The nature of work design ranges from a “control-oriented” to a “commitment-oriented” continuum, wherein firms can decide and plan for how they can balance the goal of organisational flexibility and autonomy with control, a key consideration for HR managers. Following a discussion on strategic HR planning and work design, this chapter briefly considers the strategic approaches to recruitment and selection.

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## Strategic Human Resource Planning

To begin with, HR planning has been defined as having the right number of people, at the right place, right time, with the right set of knowledge, skills and abilities. From a strategic HR planning perspective, one must focus also on the wider environmental and strategic context in which strategic HR planning exercise occurs. The HR practitioner, at a macro level, should be sensitised to the prevailing labour market conditions, especially in high growth and volatile industries such as mining, software development and health services as there is a constant competition for attracting and retaining talent in all aspects of the employment lifecycle (e.g. HR planning, attracting, selecting, training, rewarding and managing the performance). Strack et al. (2008) noted the following the top five challenges for Australian HRM practitioners such as: managing talent, demographics, change and cultural transformation, leadership development, and transforming HR into a strategic business partner. While these challenges have also prevailed in previous and subsequent studies, this study provides a macro-level background and understanding of the challenges and sets the tone for HR planning and work design. HR managers need to take into account other trends in their planning for human resourcing: industry characteristics and trends; nature of internal and external labour markets; nature of job content and its scope; sorts of skills and employee aspirations; and determine the ‘gap’ from both an employee and organisational perspective. HR planning also requires attention to legislation, industry and professional requirements (for example, some jobs require continued professional development and training).

At a meso (organisational) level, HR practitioners need to consider organisational influences such as, labour costs as a percentage of the overall production cost, firm’s competitive strategy (for example, whether it is following a cost leadership or differentiation or some other combination), its organisation’s life cycle stage, management culture, values and orientation towards the people it employs. Orientation towards labour is an important consideration as it informs the classic “make versus buy” decision. Additionally, with the changing workforce demographics, wherein an increasing number of employees are Generation Y workers and will continue to be so for a while, developing an appreciation of their motivations, values and beliefs may result in their successful attraction and retention. This was borne out in a recent study on Generation Y expatriates –or what the authors terms as *Yopatriates* (Pereira et al. 2017). Demographic differences are vital and HR should take into account aspects such as employee’s career aspirations, retention and engagement tools, which may be a bit different from managing baby boomers and Generation X employees.

Millmore et al. (2007) argue that for a better understanding of the strategic, operational and process level issues, strategic HR forecasting and planning must employ a reliable and holistic database. From a strategic perspective, HR planners should be able to analyse and forecast a detailed plan regarding the profile of the current workforce and match it with future requirements based on strategic plans, and projected flows of employees in terms of increases or decreases in numbers, at various levels and roles. HR forecasting can lead to one of the three outcomes: reductions in a

given area(s), expansion of workforce in existing or new roles, or maintain a status quo. Such forecasting often relies on a combination of quantitative and/or qualitative techniques. From an operational perspective, HR planners consider a number of useful data points: determine past, current and future trends in workforce movements in an organisation. HR planners must also engage and consult with senior leaders, line managers and business development leads for getting a sense of where the organisation might be heading in the short- to medium-term. Once such an understanding is gained, they can look at process level issues of how to plan for the subsequent attraction, retention and/or talent management campaigns. Larger and multidivisional firms have elaborate computerised HR information systems (CHRIS) that can churn out a number of analytical reports on various aspects of the quality and other profiles of its workforce. HR analytics now is much advanced than what it used to be and HR and line managers can 'slice and dice' different analytical reports from their CHRIS. An overview of the sorts of analysis that can be undertaken is discussed next.

## HR Analytics for Planning

### Illustrations and Skills Sandpit from the Mobile Telephony Industry

From a strategic HR perspective, HR planners should know the nature and extent of key competencies and capabilities an organisation has where the major competency and skill gaps lie. This can and should inform talent management strategies. For example, in a mature mobile telephony industry, the technology infrastructure is generic, the point of differentiation lies in the competencies possessed by sales and service as well as advertising teams for enhancing the overall customer experience. Additionally, the skills of pricing the phone plans can be a key skill for the industry. Thus, customer-centricity may become a key competency for all job roles that involves direct or indirect interaction with the customer. HR planners would need to forge partnerships with line managers in these functional areas to identify the key pain points at every point of customer interaction which may adversely impact quality of customer service experience. However, if the industry is undergoing a shift in the technology platforms and moving to the next curve, this may reflect a surge in either upskilling existing technical talent or develop an aggressive talent hunt program. For keeping up with the 'pulse' of the employee composition, its supply and potential demand, HR planners need to engage in dynamic modelling of current skills with the 'actual number of people' using data points such as past trends of employee turnover rates. For example, this can be calculated for each year using the following or a similar formula:

Annual employee turnover rate = Total number of people leaving in a year/The total number of people in an organisation \*100.

Additionally, data points on expansion or contraction/retrenchment plans, age-grade, grade/skills and age-skills matrices can be used for developing a granulated

understanding of the required skill composition in different roles. Other metrics that are useful in HR planning include focusing on the average revenue contributions per employee, average cost per full-time staff equivalent (direct and indirect costs), and projected (anticipated) retirement numbers, mix of standard (e.g. permanent) and non-standard (e.g. fixed-term and casual) employment. Ratios such as the proportion of core (revenue earning) and non-core (support and enabling functions) and employee utilisation rates are additional metrics that can inform decisions related to resourcing of people. For managing the flows within an organisation, HR planners can focus on metrics such as the completed length of service profiles in different occupational categories for undertaking a career progression analysis at different levels for informing their compensation and retention plans. Clearly, HR planning is a much more integrated HRM practice and informs almost all practices of the HR employment life cycle.

### **Workforce Flexibility**

While the above set of HR metrics and analysis yields useful and rich insights to aid HR decision-making, there is an increasing focus on maintaining workforce flexibility (Atkinson 1984). Firms respond to changes in macro-economic environments (e.g. social, political, technological and labour market) by implementing different forms of workforce flexibility. These include adopting numerical, functional, financial and temporal flexibility. While there is intuitive appeal of the idea of workforce flexibility a number of researchers have criticised the approach and noted it as a form of neoliberal market managerialism. Although these contracts constitute a small percentage of the total workforce in an economy, the worrying trend is that it is gradually increasing and its incidence is spreading across all levels of employment. There is an increasing trend in zero hour contracts and its proliferation now extends to all levels of the workforce (managerial, professional, technical and manual). There has almost been a doubling, in percentage terms, of zero hour contracts between 2004 and 2011 (Wanrooy et al. 2013). Unfortunately, much of the focus has been on 'organisational' flexibility and somewhat limited focus exists on 'employee' flexibility (Bal and Jensen 2016; Bauman 2000). The latter focus will bring in a balance to a strategic and managerialist approach to achieving flexibility. While there have been several approaches implemented to accommodate employee flexibility in the form of work-life balance programs (Fleetwood 2007; Tomlinson 2007) as well as smart working options (Malik et al. 2016), the issue at hand is the uniform access of flexible working options by employees. Indeed, this is especially an issue for minority groups of employees such as access to work-life balance benefits by Muslim migrant women (Ali et al. 2017).

### **Work Design**

Typically, employers can adopt an internal (make/invest in) or an external (buy/outsourced) orientation in meeting their workforce resourcing needs. The need for achieving a strategic and horizontal fit to align their HR planning and work design approaches with their chosen competitive strategy is critical (Stewart and Brown 2009). In designing work, HR practitioners must not forget the AMO rubric

introduced earlier in chapters “[Introduction](#)” and “[HRM and ER: A Strategic Perspective](#)” of the book. To this end, work design principles should *motivate* (M) employees as well as meet the organisational goals. Such designs are often associated with balancing the tensions between employee commitment with the managerial prerogative of control of workflow and maintaining an efficient structure. From its deep underpinnings in the scientific school of management, most work designs in manufacturing sector today still reflect scientific management principles. It would not be incorrect to say that a number of low-end and less complex service work such as that evident in call centre and transaction processing work also adopts a modified Taylorist approach. One word that summarises this school of work design is control.

## **Illustrations and Skills Sandpit from the IT & Business Process Outsourcing (BPO) Industry**

### **Call Centre Industry**

A number of call centres have been classified as work design centres of excessive control. Phrases like ‘an assembly line in the head’(Taylor and Bain 1999) and ‘entrapped by the electronic Panopticon’ (Bain and Taylor 2000) typify the nature of excessive control evident in work design in call centres. Part of the problem lies in the lack of trust by clients in the service providers that they set up contracts with across borders. As a result, the client dictates the nature and extent of the scripted message, the number of calls an agent has to typically do, the precision and time in which these have to be delivered, all this exemplifies the nature of excessive control in what is essentially a twenty-first century service job. The HR developer has to hire people who can perform in this environment; design their training to support such precise and predictable levels of performance and above all, develop systems for capturing performance tracking for meeting the clients’ expectations in line with the contract’s service level agreements.

The next major school, although it offered respite for workers in the form of a human relations movement propagating the idea of flexible, team- and empowerment-based design for gaining employee commitment, it wasn’t as widespread as Taylor’s scientific management. There is ample evidence in the literature, which suggests that by designing work that is motivating (intrinsically and extrinsically) and providing employees with the freedom and opportunity to exercise leeway and choice in structuring their work, will most likely lead to greater satisfaction, retention and longer term commitment. Typically firms design their work somewhere on a continuum of control and commitment, wherein the commitment end typically results in greater job satisfaction. If a firm is following a cost-leadership strategy, it is likely to focus on a control-oriented design, especially if it also has an external orientation towards its employees. There are numerous adverse impacts noted of control oriented designs. These include stress, anxiety and an overall decline in employee well-being.

## **High-End Software Development and Design Industry**

Attracting highly skilled and specialist talent for the high-end software product development and design firms requires a different work design for retaining and motivating knowledge workers who are likely deliver their discretionary and best performance. Work designs for the software development industry require empowerment-based designs to allow employees the freedom and autonomy they need to take calculated risks for proposing new and better solutions to their existing products. Managers will need to allow flexibility and trust their employees to complete their work tasks in an environment that makes them most productive. Some IT firms such as Google, allow up to one full day for employees to engage in creative and new product development projects. The work design for this group of workers will necessarily require a mix of intrinsic and extrinsic rewards. A number of product development firms reward people monetarily for lodging patent applications and celebrate their success with peers through recognition certification programs, and by even allowing employees to lodge patent applications in their name.

## **Strategic Recruitment and Selection**

Recruitment has a positive valence as it involves attracting and adding potential candidates to a pool of talent. Selection, on the other hand has a negative valence as it acts as a sieve for sifting through the talent pool thus created. These two process are triggered once the organisation has an idea of the nature and extent of its resourcing requirements from its HR planning exercise. Organisations need to adopt a systematic and strategic approach to ensure each resourcing decision adds value to the strategic needs of the business. They must tap into the right types of labour markets for their needs.

When it comes to selection, the focus, from a strategic point of view shifts to person-organisation, person-context and person-job fit. The applicant's personality and skills attributes are key areas to assess. Organisations can employ a number of 'sifting' and 'sieving' approaches to choose from a pool of applicants. Depending on the nature of role, these include: assessment centres employing a range of psychometric tests, realistic job previews, referrals, work portfolios, job knowledge tests, integrity tests, situational interviews and so on. Some firms employ values-based testing to assess person-organisation and person-context fit. Although the most popular, the least effective predictor of person-job fit is the job interview. A controversial area that has come into recent discourse is drug-testing and extensive set of medical tests before hiring. The issue of ethicality of these approaches is causing a lot of debate. Maintaining a strategic focus is therefore critical in ensuring the use of a combination of 'good' selection practices to minimize the likelihood of a poor decision. Poor decisions are often costly and hiring the wrong person may have major impacts on work disruptions, demotivation of other employees and negatively affecting organisational citizenship of others. In a highly regulated society that we live in, there are high costs of separation that an organisation may have to bear to get rid of an employee and then start the process again.

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## Further Illustrations and Skills Sandpit from IT and Software Services Industry

Firms may develop their own campaigns or outsource the entire process to large recruitment firms such as Addeco, Right Talent and so on. A number of firms follow differentiated campaigns for recruiting different categories of employees. These are often implemented in the form of ‘Employer of Choice’ branding campaigns or expressions of interest through their online jobs portal to generate a right pool of applicants for future client opportunities. Infosys Technologies, a large global IT major, for example receives more than a million applications for its annual hiring of between 10,000 and 15,000 engineers. So, for applicants, messaging matters a lot, as does the orientation—internal versus external—that an organization has. Stewart and Brown (2009) argue that HR practitioners should design advertising communications that meets an organisation’s strategic needs. For example, hiring for long-term and with an internal orientation would require a more realistic messaging than for short-term hiring with an external orientation and focused hiring, which would require employing idealistic messaging.

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## Critical Reflections

One of the major critiques of HR planning is the durability of HR plans. By the time one completes the analytical process and modelling for future needs, the market or the environment changes and most plans require subsequent revisions. Sometimes, changes to the key stakeholders and leadership might also bring in new perspectives on the resourcing models. These may be radical; departing from an internal to an external orientation in a firm’s resourcing approach. A related challenge in HR planning, and other sub-functions is that of achieving integration and fit. While this may seem logical and highly desirable, even the best laid out plans are open to interpretation and power dynamics between HR and line managers. It is much easier to observe the performance impact of poor HR plans in service sector firms, as often service sector firms, have a greater adverse impact on business due to delayed resourcing.

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## Concept Integration with Cases and Learning Activities

The case study *DORIAN LPG’s rapid fleet growth: A story of Maritime HR Planning and People Management* by Progoulaki and Tasoulis highlights the critical role of HR planning in times of a major expansion phase in a firm’s life cycle. This contingency or best-fit approach to HR practices was also covered earlier in chapter “[Strategic HRM & ER: Best-Practice Versus Best Fit](#)” of the book. The case provides a useful account of how business strategy informs people management practices in a large firm experiencing rapid growth related to fleet expansion. The case also provides an opportunity to analyse aspects of internal fit in managing a

culturally and professionally diverse employee base. Other strategic HRM practices and their interrelationships with HR planning is also covered in this case study.

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## Conclusion

The importance of getting the right people, with right skills in a timely manner is vital for uninterrupted performance of a firm's production function. In some industries that are more people intensive, such as in the services industry, performance of HR planning, impacts of recruitment and selection practices, have a profound impact on a firm's bottom-line. In the longer-term, for gaining sustained levels of commitment from its employees, firms need to ensure they offer a job-value proposition that is appealing to not just the new entrants but also to their existing employees. Strong employer branding exercises and developing a parallel set of talent pool will ensure a steady supply of talent. However, to achieve job-, organisation-, culture and people-fit, the HR practitioner will need to employ a combination of hard and soft approaches for optimal results.

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## Glossary

**Employer of choice branding** is a set of activities that are targeted to attract a group of applicants and retain existing employees to an organisation by offering a set of employer job value propositions.

**Person-environment fit** refers to the degree of alignment of a person's attitude and personal attributes to the wider work environment and their job

**Person-job-fit** refers respectively, to the extent to which the preferred candidate's profile aligns with the requirements of the offered job

**Selection** is the process of shortlisting from a pool of suitable applicants, the most appropriate candidate for a given job

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## Key Questions and Learning Activities

**Question. 1** What are the main options available to line and HR managers when they discover a mismatch between the job/organisation fit with the person they have hired?

**Question. 2** Outline three advantages of person-job fit and person-organisation fit.

**Question. 3** Outline three disadvantages of person-job fit and person-organisation fit.

## Learning Activity: Analysing Job Design at Neutral Spaces

Recent interest in working at places other than your home or usual place of work i.e. your office, has led to new workspaces such as co-working spaces and Smart Work Hubs (see for example, Malik et al. 2016). Would there be differences in productivity, employee's experience and satisfaction for people who are allowed the opportunity to work at these alternate work spaces as compared to those who work at their usual place of work and home offices? What are the implications of such a design in employer of choice campaigns and balancing work and life?

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