

Responding to Competitive Pressures With Integrated HR Systems

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OVERVIEW

- Workplace Changes
- Types of Change
- Implications of Change for HR
- Interventions with Limited Impact
- Interventions with Greater Impact
- Integrated HR Systems
- Responding Constructively to Change

Types of Change

- Competition
- Social:
 - Demographics
 - Skills Gap
- Technological:
 - Distance Work
 - Knowledge Work
 - Increased Skill Requirements

Organizational Change: The Gas Company

	<u>1986</u>	<u>1996</u>
Employees	10,600	7,000
Operating Divisions (Distribution & Transmission)	20	8
Layers of Management	7	4-5

Audience Survey

In the Last 5 years, How Many of You Have:

- Had to Justify the Existence of Your HR function?
- Faced Budget Reductions?
- Known Someone Who Lost a Job Due to Downsizing or Restructuring?
- Personally Changed Jobs Due to Downswing or Restructuring?

Company Responses

- Reduce Costs
- Retain Customers
- Maintain or Increase Customer Satisfaction
- Decrease Multiple Site Visits
- Increase Capabilities of Work Force
- Major HR Implications!

Limited Impact Programs

Management Development Center

- Program Goals:
 - Skills Catalog
 - Evaluate Employee Skills
 - Developmental Feedback
 - Link to Training Courses
- Developed Two Assessment Centers
- Licensed Third AC

Limited Impact Programs

Management Development Center:

- 360° Survey
- 1,500 Employees (1991-1994)
- Validity & Cost
- Why Limited Impact?
 - Senior Management Support
 - Lack of Training
 - Employee Follow Through
- Lost Opportunity!

Limited Impact Programs

- Spin-off Benefits Were Large
- Culture:
 - Development is “OK”
 - Customer Services Manager Example
- Assessment Processes:
 - 360° Feedback
 - Structured Interviews
 - Interviewer/Candidate Training
 - District Manager Assessment Center
 - Replacement Planning?

Limited Impact Programs

- Most Single Job Validation Studies
- Generalizing Here
- Limited Impact if Only Single Job is Examined
- Why?
- Such Studies Require Significant Amounts of:
 - Planning
 - Client Interaction
 - Coordination

Single Job Validation Studies

- Why Less Efficient?
- High % of Project Time For Planning & Coordinating
- Analyzing 3, 10 or 20 Jobs Does Not Increase Project Time Proportionally
- Examining Progressions Usually Allows Setting Higher Entry Requirements (Guidelines)
- Usually No Opportunity to Examine Job Similarity if Single Job Study

Larger Impact Programs

- Three Case Studies:
 - Mechanical Validation
 - Comprehensive Selection
 - Physical Ability Transport

- All Projects:
 - Multiple Jobs
 - Inexpensive
 - Large % of Work Force

- Two Used Existing Data

Mechanical Validation

- 13 jobs In 6 Progressions
- Multi-Method Job Analysis
- Job Family (Cluster) Analysis (PAQ)
- Promotional Vs. Entry Requirements
- Validated Single Test Battery
- More Efficient Than 6 or 13 Studies
- Technical Feasibility

Comprehensive Selection

- Apply Selection Systems Broadly
- Two Studies Examined 35 Jobs (4,500 incumbents)
- Smaller Studies Covered 9 Additional Jobs
- ALL Studies Covered Only 44 of 247 Jobs (17%)
- Completed Studies Covered Most Employees (80%)
- Did Not Have 20 More Years For Research!

Comprehensive Selection

- Used Existing PAQ Data
- Job Family (Cluster) Analysis - 95 Jobs
- 12 Job Families (Statistical)
- SMEs Refined Job Families (Rational)
- Deleted One Dyad (2 Jobs Reassigned)
- Final Structure - 11 Families
- 93% Agreement - Statistical Vs. SME Judgment

Comprehensive Selection

- Aptitude Requirements For Each Job Family
- Most Job Families Had Selection Standards
- Transported Validity Within Families
- Four Test Batteries Cover All Jobs
- Job Slotting (152 jobs)
- Inexpensive
- Easy To Apply To “New” Jobs

Physical Ability Test (PAT) Transport

- PAT Consortium Study (3 Jobs)
- Needed PAT For 20 Additional Jobs - Infeasible
- Cluster Analyzed PAQ Data
- 13 PAQ Dimensions
- 5 Job Families
- 93% Agreement (SME Judgments)
- Job Slotting Routine

Summary: **Large Impact Studies**

- Conducted Studies During 1993 - 1994
- Not Possible Before Then
- Why?
 - My Mindset
 - Company / Client Readiness
 - HR Systems
 - Data Accessibility
- Change Made These Studies Possible!

Systems Level

- Evolution Within Company & Its Environment:
 - Company Restructured
 - Increased Competition
 - Pressures To Reduce Costs
 - Training's Support of Testing
- Client Organizations Saw Need to Redesign Jobs
- My Staff & I Consulted On Projects

HR's Consulting Role

- Job Redesign
- Training Redesign
- Selection System Design
- Compensation Redesign
- Bid Process Redesign
- All Systems-Level Processes
- Built On Projects Conducted In 1993-1994

Systems Level: Job Redesign

- Operations Leadership Saw Need For Change
- Work Fragmented:
 - Too Many Jobs
 - Not Responsive Enough To Customer Needs
 - “Not In My Job” Syndrome
- Contract Not Flexible Enough:
 - Bid Priorities
 - Pay Tied To Time
 - Promotions Based On Seniority

Systems Level: Job Redesign

- Job Family Work Impacted Job Redesign
- Considered Cognitive and Physical Abilities Required
- 45 Jobs > 28 Jobs
- Created New Jobs By Splitting Old Jobs
- Created New Jobs By Combining Old Jobs
- “Other” Utility Example

Systems Level: **Testing**

- Applied Job Slotting (Earlier Studies)
- PAQ'd "New" Jobs
- Slotted Jobs to Families (Cognitive & PAT)
- Determine Selection Requirements Before Job Exists!
- Increased Aptitude Requirements (PAQ)
- Easy To Add Jobs To Selection Systems

Systems Level: **Testing**

- Testing Incorporated Into Training Courses
- Job Knowledge Tests Required
- Pass / Fail
- Performance Tests (1997)
- Job Knowledge For Promotional Bidders (1997)

Systems Level: **Training**

- Redesigned Technical Curriculum
- Redundant:
 - Tasks In Curriculum
 - Overlapping content
- No Terminal Performance Objectives (TPO)
- Typically Not Pass/Fail

Systems Level: **Training**

- Modular Design
- Module Focuses on Task
- Modules 2 - 4 Hours In Length
- Modules Designed Around Terminal Performance Objectives (TPO's)
- Job Knowledge Tests
- Tests Linked to TPO's

Systems Level: **Training**

- “Layers of Necessity”
- Rapid Prototyping
- 9 Hour Vs. 40 Hour ASTD Benchmark
- Timing of Training Redesign & Job Redesign
- Repackage Modules As Jobs Evolve
- Significant Strategic Advantage

Systems Level: Compensation

- Partnered With Clients & Compensation
- Reduced Pay Grades (12 to 8)
- Dropped Time-In-Grade Structure
- Created Step Mechanism
- Steps Tied to Lump Sum Increases

Systems Level: Compensation

- Lump Sums:
 - Pass Training
 - On-Job Proficiency
 - Full Pay When Proficient
- Reach Full Pay Quicker
- New System a “Win” For Company and Employees
- Reinforces Learning

Systems Level: Bid Process

- Represented Employees Must Bid For Jobs
- Old System Required Few Bidders to Test
- New Process Requires Testing
- Unlimited Bids, No Refusal Rights
- Job Refusal & Bid Status
- Reduced # of Bid Priorities
- New Bid Process Impact Related HR Systems

Systems Level: Skills Training

- Multi-Media Learning Centers
- Dedicated PCs:
 - Literacy Skills (Math, Reading, Writing)
 - PC Skills
 - Keyboarding Skills
- Additional Needs:
 - Test Study Guides
 - Test Taking Strategies

Systems Level: Career Center

- Career Development Center:
 - Guide Employee Career Choice
 - Objective Assessment
 - Personal Development

- Now In Start-up Mode

- PAQ Applications:
 - Occupational Preference Inventory (OPI)
 - Worker Rehabilitation Questionnaire (WRQ)

Systems Level: **Summary**

- Linked Nature of Systems Increases Impact
- Systems Were All Proposals
- Impossible Just 2 Years Ago:
 - Poorer Cooperation Between Groups
 - Less Pressure to Adapt
 - Less Systems Thinking
 - Greater Union Resistance

Implications for HR Assessment Professionals

- Find More Efficient Ways to Get Work Done
- Consider Business / Organizational Impact of Programs
- Overcome Barriers:
 - Take Responsibility for Change
 - Work With Other HR Sections
 - Link HR Offerings
- HR: Consultant or Cop?

Unfinished Business

- Talked a Lot About What We Did (Hopefully Right!)
- What Else Could We / Should We Do?
- Changes to Management Structure
- Cultural Issues & Change Management
- Supervisory Resistance
- “Organizational Elasticity”
- Story Still Unfolding