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PERCEPTIONS OF STRATEGIC PLANNING,

ORGANIZATIONAL ALIGNMENT, AND TALENT:

A MULTIPLE SITE CASE STUDY OF

SELECTED SMALL BUSINESSES IN PENNSYLVANIA

A Dissertation in

Workforce Education and Development

by

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ABSTRACT

Rapid demographic, societal, economic, and technological changes have become such significant forces in all businesses—both large and small—that executives are becoming acutely aware of how much reliance is placed on human capital—employees—to achieve results. Already at a marketing disadvantage in competing with larger counterparts, small business leaders need to have a clear, fact-based understanding of human capital management and policies and practices that aid in developing a true competitive advantage. Organizations considered as being "human capital-centered" focus on aligning talent strategies with strategic business planning.

The purpose of this study is to explore, describe, and interpret how the phenomena of strategic planning, organizational alignment, and talent were perceived in selected small businesses. The setting for this multiple site case study was three small businesses in south-central Pennsylvania that met criteria such as employing between 100 and 499 workers and being named a "best place to work in Pennsylvania." To learn how strategic planning, organizational alignment, and talent were perceived, interviews were conducted with the most active senior executive, the highest level human resource director/manager, the human resource development/ training professional, key line managers, and other high potential employees in each firm.

This research found that elements of strategic planning, organizational alignment, and talent management are integrated—in varying degrees—in the three businesses studied, although opportunities remain for further implementation.

Changing times demand new thinking and new approaches to the way small businesses conduct their business. Designing, implementing, and maintaining effective human capital focused management will be critical to enhancing strategic and operational goals as well as the continued success of small businesses. Based on the findings of this study, small business executives may benefit by examining their strategic planning, organizational alignment, and talent management in a systematic, in-depth, and continuous manner to evaluate and improve their human capital management system.

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"I am a member of a team, and I rely on the team, I defer to it and sacrifice for it, because the team, not the individual, is the ultimate champion."
~Mia Hamm, iconic symbol of women's sports & founder of the Mia Hamm Foundation

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CHAPTER 1

INTRODUCTION

The first chapter, an introduction to the study, is organized into nine sections.

The opening section provides a background of the concept of human capital and is

followed by the statement of the problem addressed in this study. The following section

is an explanation of the study's purpose. The research questions are posed followed by

the conceptual framework on which this study was based. The significance of the study

is presented as well as the assumptions and limitations that factored into the research.

The terms used throughout the study and their definitions appear in the next section. The

final section features the chapter summary.

Study Background

Rapid demographic, societal, economic, and technological changes as well as

increased global integration by the United States have become such significant forces in

the public and private business sectors that leaders in both areas are acutely aware of how

much reliance is placed on employees to achieve results (Bernthal et al., 2004; Rothwell,

Sanders, & Soper, 1999; Strack et al., 2008; Walker, 2001; Lawler, 2008; Judy &

D'Amico, 1997). "Now, more than ever, the success of public and private organizations

in the United States and throughout the world depends on the knowledge and capabilities

of their employees" (ASTD, 2003, p. 5). Strack et al. (2008) suggested that organizations

could out-distance competitors by using "people" strategies to gain competitive advantage. "Whether it is called 'people,' 'labor,' 'intellectual capital,' 'human capital,' 'human resources,' 'talent,' or some other term, the resource that lies within employees and how they are organized is increasingly recognized as critical to strategic success and competitive advantage" (Boudreau & Ramstad, 2007, p. 4). The "new source of competitiveness ... is the *people* who create products, define borders, and raise capital, and the organizations in which they work" (Lawler, 2008, p. x). Fitz-enz (2000) collaborated on the description of human capital as a combination of (a) the traits one brings to the job, (b) one's ability to learn, and (c) one's motivation to share information and knowledge. Hayton (2003) described human capital management as a "functional area within the domain of human resource management [HRM]" (p. 375). For this study, the author applied Weatherly's (2003) definition of human capital as an organizational asset, "the collective sum of the attributes, life experience, knowledge, inventiveness, energy, and enthusiasm that its employees choose to invest in their work" (p. 1).

Organizational success in the early twentieth century was typically measured by tangible assets such as equipment, buildings, inventory, cash, and market share. Experts were hired to devise and manage—scientifically—the best and most efficient physical work setting for employees (Lawler, 2008). However, in the latter part of the twentieth century, some business leaders discovered that their most valuable asset was their employees—later termed human capital—rather than financial capital or new products. With documented shortages of qualified workers and an impending "talent war," the cliché "our people are our most valuable asset" had to be operationalized as human

capital would become a "critical differentiator" of the business enterprise (Fitz-enz, 2000; Lynn, 2000).

As early as the mid 1980s, Porter (1985) observed, "Human resource management affects competitive advantage in any firm through its role in determining the skills and motivation of employees" and that "In some industries it holds the key to competitive advantage" (p. 43). In the mid 1990s, Pfeffer (1994) wrote of the increased role a skilled, motivated and flexible workforce can play as a new source of competitive advantage and profitability. Lawler (2008) linked human capital (talent) and competitive advantage

> The right talent is the fundamental building block when it comes to creating an organization capable of innovating and changing and using this as a source of competitive advantage. Finding, acquiring, and retaining the right talent is a necessary—but not a sufficient—step in creating an organization with a sustainable competitive advantage. To do this, an organization also has to have the right structures, systems, processes, and practices in place. All too often, organizations have great people, but do not manage or support them correctly. As a result, organizations fail to capitalize on the talent they have and in the long run perform poorly. (pp. 5-6)

Through research by its public policy council, ASTD (2003) claimed, "In the knowledge-based economy of the 21st century, it is not capital equipment or technology that differentiates organizations; it is their workforce and the processes by which that workforce is established, leveraged, and maintained" (p. 5).

Previously, HRM research focused primarily on large organizations rather than on small businesses. In a history of human capital management, Kaufman (2008) wrote that larger firms "such as Endicott-Johnson, IBM, and P&G concluded that employee morale and loyalty were the key to effective cooperation and thus invested heavily in those HRM practices that promoted and protected morale and loyalty" (p. 293). General Electric

learned early the value of "taking care" of good employees, but leaders of smaller private sector businesses commonly overlooked the value of a strategic approach to managing human capital (Lynn, 2000; Pangarkar & Kirkwood, 2002). Human resource management was traditionally viewed as inappropriate for small firms, the very segment that now must utilize human capital most effectively in order to maintain competitive advantage (Hayton, 2003).

While reading numerous human capital reports prepared and issued by the United States General Accounting Office (GAO, now known as the General Accountability Office), the author of the present study became intrigued with report number GAO/OCG-00-14G, "Human Capital: A Self-Assessment Checklist for Agency Leaders." Several concepts addressed in the report's preface drew the author deeper into the 39-page report. First, human capital, no matter where employed—in the private or public sector—is still a primary source of organizational results. Second, modern human capital policies and practices offer both private and public sectors a means to improve economy, efficiency, and effectiveness. Third, as the nation's largest employer, the federal government felt it important to take the initiative on human capital and seize the opportunity to lead business sectors by example. Fourth, the GAO undertook a study to identify what common principles underlay the human capital strategies and practices of private sector organizations regularly cited as leaders in human capital management. At this point, the author of the present study perceived a potential application of the GAO human capital self-assessment report to private sector small businesses; thus the need to research additional literature written about human capital in the federal government.

Within the public sector during the 1990s, the United States Congress responded to long-standing short-comings in the way federal agencies were managed by creating a foundation for more businesslike and results-oriented management. Three major focus areas that immediately addressed government reform were financial, information technology, and performance-based management. However, consensus to fill the remaining gap—strategic human capital management—did not occur until 1996. The Government Accounting Office (GAO) established five dimensions of human capital: (a) strategic planning, (b) organizational alignment, (c) leadership, (d) talent, and (e) performance culture (U.S. General Accounting Office, 2000, September, p. 10).

Enacted in 1996, the Government Performance and Results Act (GPRA) required federal agencies to pursue performance-based management which included strategic planning, results-oriented goal setting, and performance measurement. Leaders of federal agencies were prompted to take practical steps to improve human capital practices through self-assessment (U.S. General Accounting Office, 2000, September, pp. 13-26). The self-assessment instrument was considered a starting point for creating a human capital culture where the focus was on valuing employees and aligning "people policies" to support organizational performance goals. The instrument was based on a GAO study of key human capital principles of nine leading private sector organizations, an expert-panel of 32 public and private sector leaders (U.S. General Accounting Office, 2000, January) as well as criteria from 2000 Criteria for Performance Excellence for the Malcolm Baldrige National Quality Award Program (Baldrige National Quality Program, 2000). Another advantage of using the human capital self-assessment was to aid agency

leaders in understanding the strengths and/or limitations of any existing human capital policies and practices. Self-assessment findings alerted leaders to any inadequacies so they can focus on any perceived gaps that needed to be filled before crises develop. The human capital values derived from the GAO sources and the Malcolm Baldrige National Quality Award Program mentioned in this paragraph are described in greater detail in Appendices A, B, and C.

Statement of the Problem

In order to sustain competitive advantage in their respective marketplaces, small business executives must either initiate or enhance human capital policies and practices. Small business leaders should have a clear, fact-based understanding of their organizations' human capital management through a self-assessment approach which is addressed in the Recommendations section of chapter 5.

Purpose of the Study

The purpose of this study was to explore, describe, and interpret how the phenomena of strategic planning, organizational alignment, and talent were perceived as components of human capital management by three small businesses in south-central Pennsylvania. To accomplish this, case study interviews were conducted at multiple small businesses to learn how employees at various organizational levels perceived the

existence and functions of strategic planning, organizational alignment, and talent in their respective firms. The results of this case study may aid in the future design and development of a self-assessment process and checklist tool to support small businesses in gaining or retaining competitive advantage. Lawler & Boudreau (2009) observed

> In an increasing number of organizations, talent that is better trained, motivated, and organized can be a source of competitive advantage. It can make it possible for companies to be more innovative, develop superior products and customer knowledge, and offer superior services. A growing body of evidence affirms that HR (human resource) practices have a direct impact on the performance of an organization. The best firms are able to achieve both operational and strategic excellence in their HR systems. (p. 2)

Research Questions

The research questions addressed in this study were:

1. How do selected small businesses in Pennsylvania develop strategic planning?

2. How is organizational alignment operationalized in selected small businesses in Pennsylvania?

3. How do selected small businesses in Pennsylvania manage their talent?

Conceptual Framework

The conceptual framework that guided this study was "An Alignment Model for Human Capital" (see Figure 1.). The framework was designed to reflect the five

dimensions of human capital used in the General Accounting Office human capital self-assessment (U.S. General Accounting Office, 2000, September, p. 10).
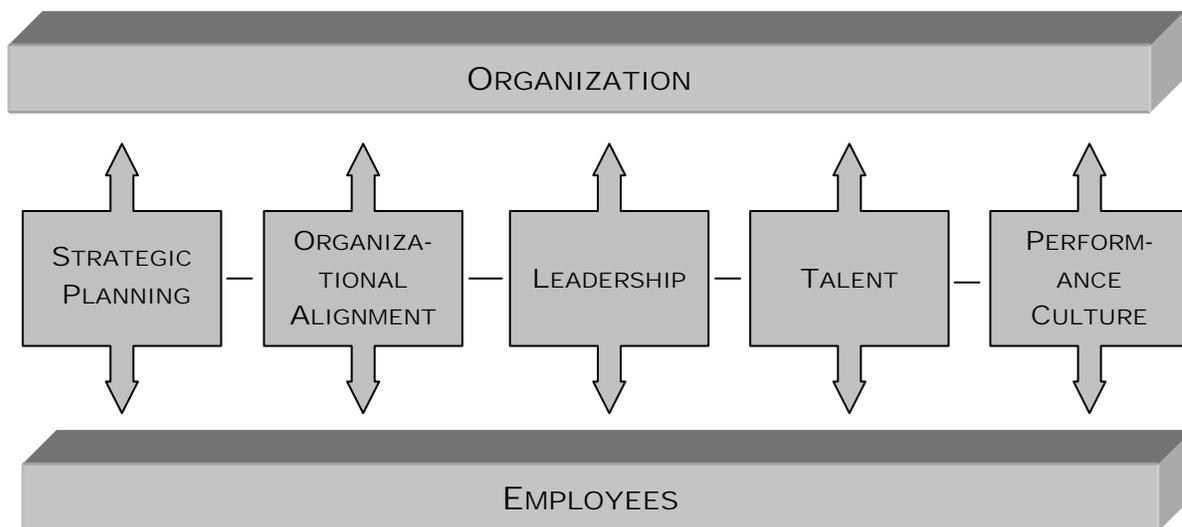
Figure 1. Conceptual framework: An Alignment Model for Human Capital representing the Government Accounting Office human capital self-assessment.

Significance of the Study

In a study of worldwide human resource challenges, The Boston Consulting Group (Strack et al., 2008) advocated "a thorough and company-specific analysis of HR ... to discover its particular strengths and weaknesses" (p. 99). The analysis should provide, in part, an understanding of the organization's internal environment. Qualitative as well as quantitative audits can help an organization assess the current state of its HR department. "The audit process should engage both HR managers and their partners in

business lines in order to align expectations between the supplier of HR services and functions and its customers." (Strack et al., 2008, p. 99). An HR audit may reveal that an organization excels in attracting the right employees but experiences difficulties in retaining them.

Traditionally, HRM research has focused primarily on large organizations rather than on small businesses. Researchers now recognize the importance and value of examining the role of effective HRM practices in firms of various sizes—including small businesses—because of the current challenges faced by small business executives (Kotey & Slade, 2005; Hayton, 2003). Results from this multiple site case study identified key business factors associated with strategic planning, organizational alignment, and talent and detailed their relationships to human capital policies and practices in three small businesses. This knowledge may become integral in the development of a self-assessment process and checklist tool to aid in either enhancing or establishing a human capital process and practice for small businesses. Leary (2008) provided two additional benefits that support the significance of this case study research

> *A source of insights and ideas*. Perhaps the most important use of case studies is as a source of ideas in the early stages of investigating a topic. Studying a few particular individuals in detail can provide a wealth of ideas for future investigation.

> *Illustrative anecdotes.* Real, concrete examples often have more power than abstract statements of general principles. Researchers ... often use case studies to illustrate general principles to other researchers. Supplementing "hard" empirical data with illustrative case studies may be valuable in this regard. Such case studies can never be offered as proof of a scientist's assertion, but they can be used to provide concrete, easy-to-remember examples of abstract concepts and processes. (pp. 322-323)

Assumptions and Limitations

The following assumptions were made in this study:

1. In a study by Lowthert (1996), research was based on the validity of recommendations made in a federal government report. The present researcher used empirical data found in a federal report as a valid basis for the study of human capital management in small businesses.

2. The Small Business Act defines a small business as one that "is independently owned and operated and which is not dominant in its field of operation" (U.S. Small Business Administration, n.d. b, p. 1). However the U. S. Small Business Administration does not provide a single, universal numerical definition of small business by employee head count but rather it established a "size standard" that contained numerical definitions based on industry categories. A common size standard referenced is 500 or fewer employees (U.S. Small Business Administration, 2004, p. 1). Research by Ahire & Golhar (1996) established that "there is no one threshold which defines a small firm based on employee size. It ranges typically between 100 to 500 employees" (p. 5). Consistent with Hayton's (2003) expectation that "formal HRM practices would be limited for firms with less than 100 employees" (p. 381), the researcher defined a small business as one with a head count minimum of 100 employees and a maximum of 500 employees for purposes of this study.

3. Being recognized for several years as "Best Places to Work in Pennsylvania," each of the three firms in this case study were acknowledged through employee voting as

organizations "leading the way" in defining positive employee experiences. An

assumption is that each organization maintained positive approaches to strategic

planning, organizational alignment, and talent.

This study had several limitations:

1. Although written using characteristics of qualitative methodology such as words, text,

and narratives, this work differs from the traditional intent of qualitative research which

is to develop emerging themes from gathered data. Rather than ascertaining common

themes based on data gathered from interviewees, the objective of the present researcher

was to utilize themes previously established in the GAO human capital study in order to

determine if and how small businesses operationalized the criteria presented by the GAO.

2. The purposive sampling method, also known as *purposeful* (Patton, 1997), was used to

select the three organizations for study. This sampling approach involves the

researcher's observing and obtaining information about potential research subjects in

order to make an intentional and informed selection of the most appropriate subjects—on

purpose. Patton (1997) claimed that cases using this sampling method are selected

because they are 'information rich' ... and offer useful manifestations of the phenomenon

of interest" (p. 40). "The main weakness of purposive sampling is the potential for

inaccuracy in the researcher's criteria and resulting sample selections" (Gay et al., 2006,

p. 113). The three businesses selected may or may not be representative of all small

businesses; therefore survey results are not generalized to all small businesses. It is

possible that some small businesses that did not participate in the research may be more

or less progressive in their human capital policies and practices than the participating firms.

3. The job titles and duties of the three small business leaders were varied and may not represent the same level of duties and responsibilities in all businesses. The researcher requested interviews with the most active senior executive in each organization as well as with the human resource director/manager, human resource development/training professionals, several key line managers and other high potential employees.

4. Interview guides for the interviewees were provided to the research coordinator at each firm in advance of the individual interviews. The researcher requested that the interviewees not corroborate or discuss in advance the questions or responses with other interviewees.

<div align="center">Definition of Terms</div>

To clarify the reader's interpretation of this study, the following terms were defined:

Competitive advantage – "the process by which a firm assesses its position in its niche, compares itself to competitors, and enhances its position by adding more value to suppliers and customers than do its competitors" (Ulrich & Lake, 1990, p. 33).

Human capital (HC) – "The collective sum of the attributes, life experience, knowledge, inventiveness, energy, and enthusiasm that employees choose to invest in their work" (Weatherly, 2003, p. 1).

Human capital management (HCM) – "An approach to people management that treats it as a high level strategic issue and seeks to systemically analyze, measure, and evaluate how people policies and practices create value" (Weiss & Finn, 2005, p. 34).

Human capital organization – agencies (organizations) that focus on valuing employees and aligning their "people policies" to support organizational performance goals (U.S. General Accounting Office, 2000, September, p. 2).

Human resource management (HRM) – "The policies, practices, and systems that influence employees' behavior, attitude, and performance ... includes staffing (recruitment and selection), compensation, employee relations, health and safety, equal employment opportunity, human resources planning" (Noe, 2008, p. 35).

Multiple site case study – "qualitative study (that) addresses the same research question in a number of settings using similar data collection and analysis procedures in each setting" (Herriott & Firestone, 1983, p. 14).

Organizational alignment – "The consistency of decisions across functions so that activities and decisions across marketing, operations, HR, and other functions complement and support one another" (Kathuria, Joshi, & Porth, 2007, p. 505).

Self-assessment – "A comprehensive, systematic and regular in-house review of an organization's activities and results (that) allows the organization to discern clearly its strengths and areas in which improvements can be made and culminates in planned improvement actions which are monitored for progress" (Ritchie & Dale, 2000, p. 241).

Small business – Businesses with employee head counts that **"**range typically between 100 to 500 employees" (Ahire & Golhar, 1996, p. 5).

Strategic planning – "A process used to define the long-range goals and objectives that further the organization's vision and mission" (Gunn, 2001, ¶ 3).

Talent – "The resource that includes the potential and realized capacities of individuals and groups and how they are organized" (Boudreau & Ramstad, 2007, p. 2).

Talent management – "An organizational approach to leading people by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned to business goals" (ASTD, 2009, p. 8).

Chapter Summary

The opening chapter first presented an overview of the study by explaining the basic foundation for the present research. The background of this study provided a brief history of the concept of human capital (HC), addressed human resource management (HRM), self-assessment, and introduced five dimensions of human capital as perceived by the federal government. The statement of the problem addressed in the study concerns the need for small businesses to initiate or enhance human capital policies and practices in order to sustain a competitive advantage in the marketplace. The contents of the study was significant in that the results will be integral to the future development of a self-assessment process and checklist tool to aid in either enhancing or establishing a human capital process and practice for small businesses. The purpose of the study was to explore, describe, and interpret how small businesses perceived strategic planning,

organizational alignment, and talent as dimensions of human capital management. The three research questions upon which the research was based were presented while a conceptual framework that guided the study was provided. Also listed were the assumptions made and limitations assumed while preparing this study. The key terms and definitions used in the study appear in the final section of the opening chapter.

Chapter 2 contains a review of the literature that links relevant supporting studies with the theoretical foundations of the study.

CHAPTER 2

REVIEW OF THE LITERATURE

Introduction

This chapter is a review of the literature that links relevant supporting studies with the practical foundations of the present study. Specifically, this chapter provided findings that connect human capital theory with concepts and practices addressed in this research; it consists of four sections. The first section addressed the need for leaders of federal government agencies to make human capital a high priority and to take practical steps to improve their human capital practices through self-assessment. The second section explored human capital management and its development in small businesses. The following section examined the value of self-assessment in organizations. The final section introduced strategic planning, organizational alignment, and talent management as dimensions of human capital.

Human Capital in the Federal Government

Just as social, economic, and technology changes have permeated all segments of business, these changes inevitably affect the way governments conduct their business. Federal agencies are acutely aware of how much they rely on human capital to do the work of the people. Modern human capital policies and practices present the federal

government with a means to improve its economy, efficiency, and effectiveness to better serve its customers, the taxpaying public. With more than 1.8 million civilian employees, excluding the U.S. Postal Service, the federal government is the nation's largest employer (U.S. Department of Labor, n.d., ¶ 1) and, therefore, needs to give human capital a higher priority than ever and modernize their human capital policies and practices (U.S. General Accounting Office, 1999, p. 1).

During the 1990s, the U. S. Congress responded to long-standing shortcomings in the way federal agencies were managed by creating a framework for more business-like and results-oriented management. Financial management, information management, and performance-based management were reformed, but strategic human capital management did not emerge as a legislative initiative until the Chief Human Capital Officers Act of 2002 was enacted as part of the Homeland Security Act of 2002. In an effort to fill the human capital management legislative gap, the U. S. General Accounting Office (GAO)—renamed the General Accountability Office in 2002—issued a discussion draft in September 1999 entitled *Human Capital: A Self-Assessment Checklist for Agency Leaders*. The General Government Division (GAO/GGD) draft document strongly suggested federal government agency leaders take practical steps to improve human capital practices by performing self-assessments. The self-assessment was a starting point for creating a human capital organization or an agency that focused on valuing employees and aligning agency "people policies" to support organization performance goals (U.S. General Accounting Office, 1999, p. 2).

In September 2000, after receiving feedback and additional advice on the discussion draft, the GAO's Office of Comptroller General issued version one, *Human Capital: A Self-Assessment Checklist for Agency Leaders*. The GAO/OCG version further defined and strongly encouraged agency leaders to use the human capital self-assessment to help them understand the strengths and limitations of their hiring, diversity, retention, promotion, succession cycle, and performance incentive human capital systems (U.S. General Accounting Office, September 2000, p. 3).

Strategic Planning	→	Establish the agency's: • Mission • Vision for the future • Core values • Goals and objectives • Strategy
Organizational Alignment	→	Integrate human capital strategies with agency's core business practices
Leadership	→	• Foster a committed leadership team • Provide reasonable continuity through succession planning
Talent	→	• Recruit • Hire • Develop • Retain employees with the skills for mission accomplishment
Performance Culture	→	• Empower and motivate employees • Ensure accountability and fairness in the workplace

Figure 2. Five HR dimensions contained in GAO self-assessment framework.

The intent of the self-assessment was to aid federal agency leaders in developing a profile of their human capital, provide useful historical and prospective views of the adequacy of their programs or reveal any human capital gaps that may need to be filled. The human capital self-assessment checklist was intended to be a relatively simple diagnostic tool, designed primarily to capture senior leaders' informed views of their agency's human capital policies and practices. The GAO self-assessment approach was based primarily on two principles that are central to the human capital concept: investing in employees and aligning "people policies" to fulfill an organization's shared vision. The GAO self-assessment approach emphasized investment in enhancing the value of individual employees and the agency workforce as a whole. The self-assessment also measured if the agency maintained an "established, clearly defined, and communicated shared vision" (to include a mission, vision for the future, core values, goals and objectives, and strategies) and aligned its resources and systems to support it (U.S. General Accounting Office, September 2000, p. 4).

Basis for GAO Human Capital Management Criteria

The GAO approach to human capital values (investing in enhancing the value of individual employees and the workforce as a whole as well as establishing a clearly defined and communicated shared vision) underlie the framework for the GAO study. To develop and refine the federal government approach to the human capital framework, the GAO sought input through a multiple-site case study of nine leading organizations in the private sector as well as from the Malcolm Baldrige National Quality Award Program

(see Appendix C) and the President's Quality Award Program. To identify the private sector organizations on which to focus research, the GAO completed an extensive review of the human resources literature of the day as well as other published reports and case studies. The GAO purposefully selected nine private sector organizations recognized as innovative or effective in strategically managing human capital that represented a range of industries, professions, and organizational sizes.

To gather data on private sector organization human capital management strategies and practices, GAO interviewed knowledgeable representatives of Federal Express Corp. (now known as FedEx Corporation); IBM Corp.; Marriott International, Inc.; Merck and Co., Inc.; Motorola, Inc.; Sears, Roebuck and Company; Southwest Airlines Co.; Weyerhaeuser Co.; and Xerox Corp. Document Solutions Group. Case study interviews were conducted between April and October 1999 in accordance with generally accepted government auditing standards at the nine firms' general offices in Washington, D.C.; Memphis, TN; Armonk, NY; Raleigh, NC; Bethesda, MD; Hoffman Estates, IL; Dallas, TX; Seattle, WA; and Rochester, NY. These firms and the Baldrige award program were selected as purposeful resources after a thorough GAO review of previous work on human capital issues and an extensive review of current human resources literature as well as published report and case studies. (U.S. General Accounting Office, January 2000, pp. 1, 5-6). Interview questions were provided in advance, and the GAO pilot tested the questions during the first of the nine interviews. GAO also analyzed secondary data such as documents and data provided by the organizations or that were publicly available to include annual reports, strategic planning

documents, human capital policies, manuals, and other guidance. GAO did not

triangulate organizational responses with employees or unions, and characterizations of

the organizations' practices were based primarily on what was told to government

interviewers. Representatives with whom GAO consulted were asked to review and

comment on a draft of the research. A mixture of written and verbal responses were

returned, and the businesses agreed that the principles identified by GAO accurately

described the organizations' human capital strategies for achieving their missions, goals,

and core values (U.S. General Accounting Office, January 2000).

The GAO used a summary of the organizations' responses as the primary vehicle

for identifying common human capital principles that described strategies or practices

exhibited by five or more of the nine organizations. The principles of human capital

management identified by the GAO may not be generalizable to the universe of all

private sector organizations, and the selection of a different group of organizations may

have yielded different principles (U.S. General Accounting Office, January 2000, p. 6).

Several fundamental differences between private and federal government sectors

may raise questions about the applicability or transferability of management principles

from private sector practices. Those difference are: (a) government does not operate for

profit; (b) government takes on certain duties such as national defense that are prescribed

by the Constitution or subject to statutory requirements that do not apply to the private

sector; (c) government must meet certain social, political, and even moral expectations

that may or may not coincide with economic efficiencies; (d) government decision-

makers must operate in a fishbowl, often with legal requirements for open deliberations

and public involvement that make the decision-making process both lengthy and subject to controversy. Despite the unique challenges that faced federal government agency leaders, the management principles identified in the private sector were found applicable to the federal sector to the point that certain principles may be applied, in most cases, without changing federal laws (U.S. General Accounting Office, January 2000, p. 2).

Each of the nine private sector organizations implemented human capital strategies and practices designed to directly support the achievement of their missions, strategic goals, and core values. Although human capital management alone cannot ensure high performance, proper attention to human capital is a functional building block to achieve an organization's mission and goals. In the analysis of the data, GAO researchers identified ten underlying and interrelated principles of human capital management that were common to the nine subject organizations (U.S. General Accounting Office, January 2000, p. 2). The principles appear in Appendix B.

The second human capital self-assessment-based resource upon which the GAO drew was the Baldrige National Quality Program (BNQP, Baldrige Award), specifically the 2000 Criteria for Performance Excellence which was the current criteria at the time. The 2000 Baldrige criteria for performance excellence categories were: (a) leadership, (b) strategic planning, (c) customer and market focus, (d) information and analysis, (e) human resource focus, (f) process management, and (g) business results. Of the seven categories, leadership, strategic planning, and human resource were used as a GAO resource for its human capital self-assessment. Through the ensuing years, the Baldrige "building blocks" or criteria have remained the same notwithstanding some

modernization of several categorical terms such as "(d) information and analysis" and "(e) human resource focus" are now referred to as (d) measurement, analysis and knowledge management and (e) workforce focus. These category updates did bring about some changes within the Baldrige structure. See Appendix C for an account of the Baldrige 2000 criteria and Appendix D for the updated 2009 – 2010 criteria.

First presented in 1988, the Baldrige Award (BNQA) was originally presented annually to recognize business sector organizations. In 1998 BNQA criteria were revised so health care organizations and educational institutions could have management achievements recognized for using the Baldrige Health Care Criteria for Performance Excellence and the Baldrige Education Criteria for Performance Excellence as a framework for quality systems tailored to those professional areas. From 1988 to 2008, 78 U.S. organizations have won the award. The Baldrige National Quality Program promotes awareness of performance excellence as an increasingly important element in competitiveness and information sharing of successful performance strategies and the benefits derived from using these strategies. The National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce, developed and continues to manage the Baldrige program. It was through congressional legislation that NIST (formerly known as the National Bureau of Standards) was selected to design and manage the awards program "because of its role in helping U.S. companies compete, its world renowned expertise in measurement quality and quality assurance practices and its reputation as an impartial third party" (Lide, 2001, p. 357; U.S. General Accounting Office, January 2000).

However, Dr. William J. Rothwell posed to Baldrige researcher and student

William F. Augustine the following questions concerning the BNQA and its author, Dr.

Curt Reimann

> (a) What was the methodology used to identify and pinpoint the criteria? (b) How
> do they know the criteria correlates to quality? (c) How did they provide the steps
> they went through to discover what criteria are linked to quality? (d) Was there
> research behind it (the Award) or was it just 'smoke and mirrors?' (e) Where did
> they get the core values and what research methodologies justify or warrant this
> approach?

As research to respond to these questions could not be found in a search of Baldrige

literature, Augustine sought answers through a personal telephone interview with Dr.

Curt W. Reimann, the author and first director of the Malcolm Baldrige National Quality

Award. The award program was not based on any quantitative methodology or empirical

research but rather much qualitative research. A summary of the Reimann-Augustine

telephone interview appears in Appendix E.

Since its founding and first awards in 1988, 78 organizations have won the

Malcolm Baldrige National Quality Award through 2008. Additionally, nearly fifty state,

regional, and local quality award programs based on the BNQP exists in the United

States; these programs have received over seven-thousand award applications (National

Institute of Standards and Technology, 2004). Moreover, the BNQP is known as "the

country's highest level of recognition for performance excellence" and was described by

the exclusive Council on Competitiveness, "More than any other program, the Baldrige

National Quality Award is responsible for making quality a national priority and

disseminating best practices" (Reimann & Smyth, 2001, pp. 357-358). According to

Wilson & Collier (2000), a high level of support for the BNQA has come from the

"Fortune 400 industrial companies, the Fortune 500 service firms, 120 small

manufacturers, and 120 small service businesses. These four business categories

consistently agreed that the BNQA currently provides the best framework for an

interdisciplinary approach to total quality management (TQM)" (p. 362).

Numerous researchers have published papers in a continuing effort to provide

empirical support for the BNQA. Wilson and Collier (2000) researched extensively to

test the theory and causal performance links implied by BNQA. Results published in

Spring 2000 "represent the first published article that tests the MBNQA performance

relationships and causal model using comprehensive measurement and structural models"

(p. 361). "The evidence from this research supports the general theory behind the

Malcolm Baldrige National Quality Award criteria and causal model" (p. 379). Later,

Goldstein and Schweikhart (2002) published quantitative research that examined

"relationships among constructs in the Baldrige Award Health Care Criteria framework

to investigate whether quality management systems are related to organizational results

and customer satisfaction in hospitals" (p. 62). The study conducted by Goldstein and

Schweikhart (2002) "provided empirical support for the utility of the Baldrige framework

in hospitals" (p. 73). In a study prepared by Dr. Ann H. Dodd (2004), an examiner for

the 2000 BNQA and currently Assistant Dean for Strategic Initiatives in the College of

Agricultural Sciences at Penn State University, wrote that "a number of higher education

institutions (are) using the Baldrige framework ... for their own self-assessment, planning,

and improvement purposes. In addition, regional accrediting agencies are starting to

allow use of the Baldrige criteria as an alternative accreditation format" (pp. 21-22).

Reflecting on the University of Wisconsin-Stout winning the 2001 BNQA, Dodd reported

that the university "participates in the AQIP (Academic Quality Improvement Project)

accreditation program. Several research universities, notably Penn State, Rutgers, the

University of California at Berkeley, and the University of Wisconsin-Madison, use a

version of the Baldrige (modified to serve large research universities)" (p. 23). AQIP is

modeled on the BNQA. In summarizing his research about lessons learned from strategic

planning via Baldrige, Jasinski (2004) wrote, "a golden opportunity exists for institutions

of higher learning to heighten the usefulness of lessons learned by using the Baldrige

criteria and by learning and sharing with other institutions" (p. 30).

The federal government actions to move to human capital management

As the federal government had begun in 1990 to adopt a more businesslike

approach in its financial, information technology, and performance-based management

reforms, it was necessary to consider what human capital approaches would best position

the federal government for the 21st century. In early 2000, congressional members of

both political parties expressed a growing interest in the way agencies addressed the

emerging human capital challenges and encouraged agency heads to build awareness of

human capital issues and improve the way their employees were managed (U.S. General

Accounting Office, September 2000, pp. 5-6).

In fiscal year 2001, President George W. Bush included human capital

management as a priority management objective. In a memorandum to agency heads, the

president directed that the agency heads include human capital management in their planning, budgeting, and mission evaluation as well as specifically address human capital goals in their strategic and annual performance plans. Support to elevate the human capital concept to the organizational "chief level" resulted in legislation that created the long-awaited Chief Human Capital Officer (CHCO) in every major government agency. The CHCO Act was signed into law on November 25, 2002 as a provision in the Homeland Security Act of 2002. The Act required each executive department and major agency to appoint a senior-level official as CHCO.   Modeled after the positions of chief financial officer and chief information officer, the chief human capital officer was charged with the responsibility to elevate the management of human resources within the federal workforce to the level it deserved and focus resources and attention on workplace issues. The Act also established a Chief Human Capital Officers Council comprised of the CHCOs of departments within the president's cabinet. The council's mission was "to advise and coordinate the activities of members' agencies on such matters as the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations" (U.S. Office of Personnel Management, 2004, p. 3).

In addition to GAO's significant self-assessment document on human capital, other government agencies developed human capital models and guides to assist agencies. The Office of Management and Budget (OMB) established *Standards for Success* while the Office of Personnel Management (OPM), the president's strategic advisor on human capital, released a *Human Capital Scorecard* in December 2001 to

focus and support agency human capital efforts. As individual agencies progressed with their human capital efforts, the need for a comprehensive human capital framework became evident. To better address the need, in November 2002, OPM, OMB, and GAO collaborated their individual agency human capital work into a new, more comprehensive *Human Capital Assessment and Accountability Framework* (Liebowitz, 2004).

In April 2009, GAO released testimony entitled *Human Capital: Sustained Attention to Strategic Human Capital Management Needed.* This report referred to earlier GAO accounts that identified human capital management as a government-wide high-risk area. Federal agencies lacked a strategic approach to human capital management that integrated human capital efforts with their missions and program goals. The 2009 report stated that progress had been made; however human capital management remained high-risk because of a continuing need for a government-wide framework to advance human capital reform. "The importance of a top-notch federal workforce cannot be overstated. The federal government is facing new and growing challenges coupled with a retirement wave and the loss of leadership and institutional knowledge at all levels. The issues facing agencies are complex and require a broad range of technical skills that are also highly sought after by the private sector" (U.S. Government Accountability Office, April 2009, p. i).

Congress, executive branch agencies, and OPM have taken action to reform federal human capital management, but federal agencies are facing new challenges. The need to hire staff to carry out and oversee the Troubled Asset Relief Program and expanded agency responsibilities under the American Recovery and Reinvestment Act of

2009 pointed to the need for sustained attention to help ensure that agencies have the right people with the right skills to meet new challenges. Top leadership in agencies across the federal government must provide committed and inspired attention needed to address human capital and related organizational transformation issues (U.S. Government Accountability Office, April 2009).

Human Capital in Small Business

The Small Business Act of 1953 defined a small business as being independently owned and operated and not dominant in its field of operation (U.S. Small Business Administration, n.d. a, ¶ 4). Small business was also defined by employment size, gross annual revenues, asset size, and relative size. The law stated that in determining what constituted a small business, the definition will vary from industry to industry to accurately reflect industry differences. The acronym SME is frequently used to refer to "small and medium enterprises." Most definitions of small business are pragmatic and created to apply to specific situations (National Federation of Independent Business, 2003). A common quantifying factor that defines a small business is one with an employee head-count of less than 500 employees (U.S. Small Business Administration, 2003). Hayton (2003) concluded that only a limited number of businesses with less than 100 employees would maintain formal human resource management practices. For this present study, the author adopted the parameters of 100 to 500 employees to define small business. In 2006, there were approximately 26.8 million businesses in the United States.

Small firms with fewer than 500 employees represent 99.9 percent of the 26.8 million businesses. Of 115.1 million nonfarm private sector workers in 2004, small firms with fewer than 500 workers employed 58.6 million workers (U.S. Small Business Administration, n.d. b, ¶ 1).

The impact that small business growth has had on job creation and economic growth has generated dramatic increases in academic and private sector conferences, journal articles, and academic degree offerings. However, according to Huselid (2003), there is still little known about human resource practices in small organization. In a call for more human resources research in the small business sector, Huselid (2003) presented four challenges

> (a) How do we develop and implement an HR strategy in a smaller organization where resources are usually quite limited? (b) Do the HR policies and practices that have been designed for larger firms work in smaller firms, too? (c) How can we retain and develop talent in such an environment? (d) What are the specific research questions and challenges that can help us to begin to frame our future work on HR in small and medium enterprises. (p. 297)

Since 1982, the National Federation of Independent Business (NFIB) Research Foundation has conducted a longitudinal survey of the problems and concerns of small business owners who are NFIB members (ranked in size from "no employees" [owner as the sole employee] to businesses with 100 or more employees). The most recent survey (from which data in this research was drawn) was conducted from mid-January through March 2008 across a random sample of 20,000 NFIB members (3,530 useable responses were received for a response rate of 18 percent). Of the total, 89 responses were from

businesses with 100 or more employees (National Federation of Independent Business, 2008). The NFIB questionnaire asked participants to rate (using the Likert scale 1 [critical problem] to 7 [not a problem]) the severity of 75 potential business issues or potential problems. One of the purposes for conducting the survey was to provide empirical data on the problems faced by small business owners to those outside NFIB who have a vested interest in providing solutions.

The 75 potential problems listed in the survey were clustered into ten generic problem clusters with the rank order of the listing reflecting the importance of the accumulative critical problems within each cluster: (a) *costs*, (b) *competition*, (c) *employees*, (d) *finance*, (e) *information*, (f) *management*, (g) *public service/ responsibilities*, (h) *regulations*, (i) *taxes*, and (j) *technology* (National Federation of Independent Business, 2008). Of the 15 problems grouped in the *employees* cluster, there were five specific problems—*locating qualified workers, finding and keeping skilled employees, training employees, employee turnover,* and *aging workforce*. All were inextricably linked to three segments in the human capital self-assessment framework in this study: strategic planning, organizational alignment, and talent (National Federation of Independent Business, 2008).

Of the 3,530 responses in the 2008 NFIB survey, in the overall rank order of the 75 small business problems, *locating qualified workers* ranked 12th, *finding and keeping skilled employees* ranked 17th, *training employees* ranked 41st, *employee turnover* ranked 51st, and *aging workforce* ranked 55th (National Federation of Independent Business, 2008, pp. 28-35). Of the 89 responses from businesses with 100 or more employees (the

focus of this research), *locating qualified workers* ranked 5th, *finding and keeping skilled employees* ranked 8th, *employee turnover* ranked 17th, *training employees* ranked 20th, and *aging workforce* ranked 40th. With the exception of the *aging workforce* problem, the remaining four employee category problems linked to this research were in the top 20 problems and concerns of small businesses (National Federation of Independent Business, 2008). "Retaining skilled employees varies significantly by firm size; it worsens for small business owners as the number of employees increases" (National Federation of Independent Business, 2008, p. 19).

In a survey conducted by The Gallup Organization and released in February 2007, 42 percent of the responding small business owners who set 2007 goals and objectives for their businesses indicated that finding qualified employees (recruiting) was a concern. That ranking was high enough to position *finding qualified employees* in the top five concerns of the Gallup survey of small business concerns in 2007 (Wells Fargo/Gallup Organization, 2007, ¶ 1).

In April 2008, The Boston Consulting Group (BCG) released the results of an international survey of 4,741 executives of businesses of all sizes in 83 countries. The report stated that *managing talent* was the most critical human resource challenge worldwide and would remain high on executives' schema through at least 2015. Falling under the survey's strategic category *developing and retaining the best employees,* talent management was defined by BCG as attracting, developing, and retaining all individuals with high potential across all levels of the organization (Strack et al., 2008, pp. 1-4). Labor is generally the largest expense for small business owners (with the exception of

high energy costs in 2008). The aging workforce was causing some difficulty for

businesses in filling key positions and replacing the knowledge held by retiring

employees; the increased pace of change in all business sectors, both large and small, are

resulting in massive changes in business and society where more importance than ever is

put on human capital—people (Strack et al., 2008).

The Concept of Self-Assessment

Self-assessment is a "comprehensive, systematic, and regular review of an

organization's activities ... to discern clearly its strengths and areas in which

improvements can be made" (Ritchie & Dale, 2000, p. 241). Biazzo and Bernardi (2003)

characterized self-assessment logic as "the search for conformity to a set of non-

prescriptive requirements that reflect validated, leading-edge management practices;

secondarily, the search of alignment of practices with organizational needs and business

factors" (p. 881). According to Wilson (1999), "a small to medium size enterprise (SME)

assessment process provides (a) a means to drive improvement activity, (b) a recognition

for improvements in business performance, (c) a structure to look strategically at the

business, and (d) the ability to relate improvements to a single reference framework"

(p. 439).

Hakes (1994) claimed that self-assessment models and frameworks help managers

ascertain their current positions and predict future behavior, thus forming a basis for

setting and reviewing plans and progress. "It is from such measurements that many of

the 'benefits' of self assessment arise" (p. 4). Tate & Klein-Collins (2004) identified the

self-assessment instrument as a "checklist that enables ... professionals to identify

potential performance improvement areas. As a planning tool, the self-assessment

identifies specific actions that will lead to the achievement of best practices" (p. 131).

Conti (1997) submitted that the aim of self-assessing is "to identify weaknesses in

processes and systemic factors that are responsible for present performance gaps or might

prevent the achievement of new strategic goals" (p. S13).

Although the Deming Application Prize (DAP) was considered the first structured

quality management model in 1951 (Conti, 1997), the popularity of self-assessments did

not begin until the late 1980s. Organizations became interested in the total quality

management (TQM) movement and its associated "awards" programs such as the

Malcolm Baldrige National Quality Award Criteria and the European Foundation for

Quality Management (Wilkes & Dale, 1998; Ritchie & Dale, 2000; Biazzo & Bernardi,

2003). The term "business excellence model" is used to distinguish "today's TQM" from

the past quality control of production and statistical quality control theory.

Since the mid 1990s, numerous researchers focused on quality awards and self-

assessments including a major European study involving six universities. From that body

of research, a major summative finding posited that "self-assessment against a business

excellence model ... is becoming increasingly recognized as an effective business

performance management system" (Ritchie & Dale, 2000, p. 242). In Ritchie & Dale,

(2000), Van der Wiele et al. claimed that in order for self-assessments to be an integral

part of business management, it must be linked with strategic planning, policy, deployment, human resources systems and other business domains (p. 242).

Through research to further examine the processes, practices, and management of self-assessment, Ritchie & Dale (2000) introduced 13 approaches to self-assessment categorized as award-based, questionnaires, and workshops (p. 243). The most complex approach is the award-based self-assessment that uses criteria written for a specific award model, requires full documentation justification, and usually includes evaluations by teams of assessors and site visits. Regarded as a "quick assessment," the questionnaire type may be related to the award model but involves using a yes/no or a graduated response scale format. The least complex workshop approach to self-assessment occurs when those responsible for gathering data associated with specific criterion present evidence in an in-house venue. The purpose of the workshop is to seek consensus and act on strengths and areas needing improvement (Ritchie & Dale, 2000, p. 253).

Biazzo & Bernardi (2003) conducted research to differentiate self-assessment *methods* based on three key dimensions: "assessment logic adopted, the nature of self-assessment tools, and the types of analytical frames employed to guide data gathering" (p. 882). Furthermore, the "contingency model" for organizational analysis submitted by Biazzo & Bernardi (2003, p. 884) suggested analyzing strategic, operational, human, and managerial business sub-systems while the "7S assessment model" diagnostics include: strategy, structure, management systems, management style, company skills, staff, and shared values as independent variables.

Wilson (1999) observed that strategic performance measures found in the

Malcolm Baldrige National Quality Award and the European Model for Business

Excellence were seen more as valid tools for measuring and directing business

improvement activities of small businesses (p. 439). In his study of the impact of self-

assessment methodologies in small businesses, Wilson (1999) posits that "it is essential

that a company conducts a regular and systematic assessment of its operations and that it

documents the findings, including the resultant actions plans for improvement" (p. 439).

Accordingly, the assessment process is not without barriers. Wilson (1999, p. 447)

claims that while good intentions to conduct regular assessments may be overruled by

lack of time and other resources, the assessment process is valid for driving continuous

improvement.

The fundamental assessment criteria used by total quality management award

models have been used by organizations to evaluate business performance though not

interested in competing for quality awards. *Assessments for awards* focus primarily on

company strengths while weaknesses may be suppressed. However, *self-assessment of*

the organization intentionally focuses on weaknesses and related root causes as well as

performance gaps in order to correct deficiencies. Strengths may be cited in the self-

assessment as elements to be enhanced. Conti (1997) reasoned that, although self-

assessment is a derivative of quality awards, the approach to self-assessment should be

re-evaluated because the aim of awards and self-assessments are different. Conti (1997)

then classified assessments: (a) third-party evaluations conducted externally from an

organization and its customers, (b) second-party evaluations conducted by customers of

an organization, and (c) first-party evaluations or self-assessments conducted in-house, also known as management audits (p. S7). Although the primary purpose of award assessments is "to choose the best performers among a number of applicants," self-assessments are "used by management to get an unbiased, objective view of the state of the company or a part of it ... it originates from the search for effective improvement-oriented tools" (Conti, 1997, p. S7).

After delineating awards assessment and self-assessment, Conti (1997) posits that there are inherent dangers in applying award assessment criteria to non-competitive self-assessment. The first and primary danger is to relate self-assessment to a *score* which is an innate component of award assessment. If the objective of self-assessment is organizational improvement, the self-assessment must function as a diagnostic tool that moves from symptom to cause and then focus on revealing deficiencies in the organization. "The end result of a diagnostic self-assessment is a list of weaknesses in the areas of processes and systemic factors that have to be addressed if the company wants to achieve its planned goals" (Conti, 1997, p. S9). If the aim of self-assessment is to compare the organization with others or to apply for an award, then scoring is plausible.

"The second risk is that an audit-like approach may be adopted which does not foster wide participation. Contributions from all the members of the organization ... are essential for the purposes of diagnosis" (Conti, 1997, pp. S7-S8). According to Conti (1997), the correct organizational approach to self-assessment is to first determine a model. The standard criteria used in the Malcolm Baldrige Award (Appendix C and D)

or the European Quality Award would be a suitable start followed by a personalized

business model. Conti recommended planning self-assessment "with an absolute primary

focus on finding performance gaps and their causes. Attributing a percentage score to

each category of the model is useful, since it allows tracking improvement in time" (p.

S8). Conti (1997) proposed naming models that evolved from TQM models into business

models as third-generation models which would have three requisites.

Integrating self-assessment and organizational improvement plans into a firm's

planning cycle is the result of three inputs: (a) strategic planning (missions and goals) as

the primary input; (b) the organization's annual critical results relating to business,

customers, and stakeholders, and (c) competitors' results (Conti, 1997, p. S13).   In the

end, "The choice of a model and assessment procedure should be the results of a careful

examination of the existing model's features and approaches. Models are just simplified

representations of complex realities and are bound to change as reality changes" (Conti,

2002, p. 1057).

Three Dimensions of Human Capital

Human Capital Dimension 1. Strategic Planning

Hewlett (1999) broadly defined strategic planning as a methodology used by an

organization to determine its future and how it intends to reach its goals. "A company

with a well-defined strategic plan and business strategy has the distinct advantage of

having clearly articulated common direction for the company" (¶ 2). According to

Stonehouse & Pemberton (2002), strategic planning "centers on the setting of long-term organizational objectives and the development and implementation of plans designed to achieve them" (p. 854). A vagueness exists in a universally accepted definition of strategy (O'Regan & Ghobadian, 2002); however McDonald (1996) proposed that strategic decisions are concerned with (1) long-term direction of the organization rather than day-to-day management, (2) scoping organizational activities by what it will and will not do, (3) optimizing opportunities while minimizing threats, and (4) matching organizational activities to its resources (pp. 5-6). O'Regan & Ghobadian (2002) claimed that strategy-making processes as well as the effectiveness of strategic planning in SMEs have been largely ignored. Research on strategic planning practices within family firms was also scant (Upton, Teal & Felan, 2001, p. 60). "Problems with implementation associated with SMEs' lack of capability to determine and overcome potential barriers to strategic planning" are what O'Regan & Ghobadian (2002, p. 663) blame for failed strategic planning.

Empirical research by Stonehouse & Pemberton (2002) found little evidence of strategic thinking, strategic planning, and use of analytical tools in SMEs but rather within the domain of academics. Their research identified a predisposition toward financial analysis, profit targets, and short-term planning rather than strategic thinking and management (p. 860). Upton, Teal & Felan (2001) conducted research into strategic and business planning practices of fast growth family firms and established that "strategic planning is critical for family firm success, for growth, and for performance" however, most do not conduct strategic planning (pp. 60-61). According to a 1997 Arthur

Andersen/MassMutual survey referenced in Upton, Teal & Felan (2001, p. 61), 69% of

3,033 family businesses had no written strategic plan. Several reasons for the lack of

strategic planning in family firms cited in Upton, Teal & Felan (2001) include "(1) the

founder is fixated on previously successful strategy, (2) the founder may become

inflexible and stifle growth, and (3) family firms prefer privacy ... and planning may be

neglected because it requires sharing what might be considered confidential information"

(p. 61). From existing research, it is acknowledged that "rapidly growing firms represent

most of the power in the small business to create wealth, income and jobs; fast-growth

firms are more likely to engage in strategic planning than their slower-growth

counterparts" (Upton, Teal & Felan, 2001, p. 62).

Human Capital Dimension 2. Organizational Alignment

High-performance organizations align human capital management systems—from

the organizational level to individual employees—with strategic and program planning.

As with any comparable investment of resources, the goal is to maximize value while

managing risk. Human capital management requires workforce planning that is explicitly

linked to an organization's shared vision. If an organization is to be effective in

managing human capital for strategic success, it is critical to align employees with

strategic goals. Boswell, Bingham, & Colvin (2006) claimed that "An important

component of attaining and sustaining this alignment is for employees to have a 'line of

sight' (LOS) with their organization's strategic objectives" (p. 499). Boswell et al.

(2006) defined LOS as "an employee's understanding of the organization's goals and

what actions are necessary to contribute to those objectives" (p. 500). For employees to translate strategic goals into tangible results, they must know and understand the organization's strategy as well as appreciate actions that are aligned with realizing the strategy (Boswell & Boudreau, 2001). Boswell et al. (2006) further claimed that "organizations of all sizes and compositions are finding that improving the bottom line stems from an all-encompassing, organization-wide strategic focus" (p. 500). When organizations implement new strategy, goals and objectives must be established. According to Tosti (2007), "Organizations that start to implement a new strategy must first translate it into a set of goals and objectives. From these goals and objectives they then either develop new or adapt old processes and tasks that produce the desired results" (p. 21). Boswell et al. (2006) proposed that the role of LOS is to assure that employees understand and contribute to an organization's goals and strategy such that there is an employee synergy and compatilibility that results in strategic success.

Through an empirical study of the antecedents for achieving alignment in organizations, Beehr, Glazer, Fischer, Linton & Hansen (2009) posit "(1) making sure employees know the organization's goals, (2) giving [employees] opportunities to develop skills and knowledge to achieve those goals, and (3) supporting [employee] effort may be foundations of structural (departmental) alignment strategies" (p. 18). When these components exist at the unit (department) level, they may help the organization achieve its goals as well as provide for employee satisfaction (Beehr et al., 2009, p. 18).

Human Capital Dimensions 3. Talent Management

"Talent management is a new, more holistic approach to HR (human resources).

HR grew up in functional silos—recruiting, benefits, learning and training"

(BusinessWeek Research Services, 2007, p. 4). But Bersin submitted (2008)

> Talent management is not just a 'new buzzword' applied to old HR processes.
> Rather, it represents a significant transformation in the HR function—a new way
> of integrating processes and systems that, until now, have been stove-piped, and a
> new way of looking at employees in a more strategic way. (¶ 7)

The term "talent management" was reportedly used first by David Watkins, a co-

founder of Softscape, in the body copy of a 1998 collateral advertising piece that referred

to "talent management" rather than "employee lifecycle" (Kutik, 2008, ¶ 11). For this

research, the author assumed the ASTD definition of talent management as "an

organizational approach to leading people by building culture, engagement, capability,

and capacity through integrated talent acquisition, development, and deployment

processes that are aligned to business goals" (ASTD, 2009, p. 8). According to ASTD

(2009), common components of talent management include (a) acquisition of employees

(recruitment), (b) career planning, (c) assessment, (d) succession planning, (e)

organization development, (f) performance management, (g) team and individual

development, (h) retention (p. 8). Many companies or chief executive officers tout that

their people (employees or human capital) are their most important source of competitive

advantage. However, few organizations are able to meet the challenge of finding,

developing, and retaining competent workers (ASTD, 2009; Guthridge, Komm, &

Lawson, 2008).

Guthridge, Komm, & Lawson (2008) allege seven organizational and managerial

obstacles prevent organizations from adopting sound, solid talent management

1) Senior managers don't spend enough high quality time on talent management.
2) (The) organization is 'siloed' and does not encourage constructive collaboration sharing of resources.
3) Line managers are not sufficiently committed to development of people's capabilities and careers.
4) Line managers are unwilling to differentiate their people as top, average, and underperformers.
5) CEOs and senior leaders are not sufficiently involved in shaping talent management strategy.
6) Senior leaders do not align talent management strategy with business strategy.
7) Line managers do not address underperformance efficiently, even when chronic. (p. 51)

Stevens (2008) claimed that the use of total quality management-like (TQM) talent audits

("measurable, predictable, and actionable skill sets") is one key to linking talent

management to organizational success (p. 15). Stevens contributed the five primary

causes of ineffective talent management:

- Reducing unwanted turnover by hiring the right talent and avoiding the wrong talent.
- The need to identify high potentials to assist with succession planning.
- Losing top talent often caused by job dissatisfaction as a result of job mismatches.
- Matching the right people to the wrong job as companies underutilize employees' talents, leaving a significantly untapped talent reserve.
- Training the wrong personnel (those who cannot be trained to become top performers). (pp. 39-40)

Bersin (2008) asserted that "talent management is still in its early stages. Most

companies are just beginning to develop and implement their processes" (¶ 62). Research

reported by ASTD (2009) claimed that "seven out of 10 companies do not believe they

are managing talent to a high degree of effectiveness ... most (are) still focused primarily

on succession planning and executive development" (p. 13). In terms of where

organizations should focus developmental efforts, Bersin (2008) found the talent

management initiatives having the "biggest impact on overall organizational

effectiveness are (a) performance management, (b) leadership development, (c)

workforce planning/identifying talent gaps, and (d) recruiting. Organizations should

make sure these processes are consistent and optimized in order to ensure their ability to

meet business objectives" (¶ 64).

Lawler noted (ASTD, 2009) that human capital-centric organizations align

systems and processes that identify, attract, and support talent. The characteristics of

human capital-centric organizations are

- Business strategy is determined with talent considerations that drive human capital management practices.
- Every aspect of the organization is obsessed with talent and talent management.
- Performance management is one of the organization's most important activities.
- The organization gives the same amount of attention and rigor to measures of talent costs, performance, and condition as it does to measures of equipment, materials, building, supplies, and financial assets.
- The corporate board has the information and expertise to understand and advice on talent issues.
- Managers are highly skilled in talent management.
- The talent management function is one of the most important in the organization. (p. 13)

Chapter Summary

The first section in this chapter featured an overview of the literature that linked

human capital theory with four human capital concepts and constructs. The second

section addressed the urgent need for leaders of federal government agencies to place a

high priority on human capital and take practical steps to improve human capital

practices through self-assessment. The next section explored human capital management

and its development in small businesses. Next, the value of self-assessment in

organizations was examined. The final section introduced strategic planning,

organizational alignment, and talent management as dimensions of human capital.

Chapter 3 provides details of the preparation, design and methodology applied in

this research.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

Introduction

The purpose of this study was to explore, describe, and interpret how the phenomena of strategic planning, organizational alignment, and talent were perceived as components of human capital management by three small businesses in south-central Pennsylvania. To accomplish this, case study interviews were conducted at multiple small businesses to learn how employees at various organizational levels perceived the existence and functions of strategic planning, organizational alignment, and talent within their respective firms. The design of this chapter is based on a modified research process model used by Wang (2006) that detailed the overall research preparation, data collection, and data reporting. The first section was an overview of how to select a proper research topic. The second section detailed the research preparation phase: selecting the correct methodology, research strategy, and method of inquiry. The final section detailed the study schema used in this research. This section introduced each step in the schema in detail: research questions, conceptual framework, case selection, case study protocol, conducting the case studies, individual case study reporting, and drawing cross-case conclusions.

Sections	Description
1. Introduction	Research topic selection
2. Research Preparation: Selections	Methodology
	Research strategy
	Method of inquiry
3. Study Schema	Research questions
	Conceptual framework
	Case selection
	Case study protocol
	Conducting the case studies
	Individual case study reporting
	Drawing cross-case conclusions

Figure 3. The research procedure for chapter 3.

Introduction to Research Topic Selection

To identify a project to research, Leedy & Ormrod (2001) provided two criteria. First, the researcher should address an important question for which research results can "make a difference" in some way. Second, research results should "advance the frontiers of knowledge, perhaps by ... suggesting possible applications, or paving the way for further research" (p. 49). Marshall & Rossman (2006) asserted that a researcher's personal or professional interests are valid sources for a research topic. Leary (2008)

offered another valid method to generate study ideas, "reading existing research literature in an area of particular interest to the researcher." In a list of suggestions to stimulate ideas for research, Leary (2008) included "performing a case study" of a particular group. "When trying to solve an applied problem, researchers often talk to people who are personally familiar with the problem" (pp. 16-17).

Goals of research may vary, however the primary goal of research is to increase what is already known about society, be it individuals or human groups (Leary, 2008; Gray, Williamson, Karp, & Dalphin, 2007; Marshall & Rossman, 2006). Leedy & Ormrod (2001) claimed that "research has one end: the ultimate discovery of truth" (p. xviii). According to Gay, Mills, & Airasian (2006), research is the "formal, systematic application of the scientific method [an attempt to explain, predict, and/or control phenomena] to the study of problems" (pp. 4-5). The difference between the types of research—educational, behavioral, social, or other scientific research—is the "nature of the phenomena studied" (Gay et al., 2006, p. 5). McMillan & Wergin (2006) further claimed that for new knowledge to qualify as valid research, it must be systematic, rigorous, and empirical. Systematic research is the logical procedure used to investigate, collect, analyze data, and interpret results. Rigor is the process to control and reduce research bias while empirical research is tangible data such as numbers [i.e. scores] or text [i.e. interview transcripts]. For the present study, the researcher sought to provide a foundation on which to develop further research on integrating human capital management in the context of small business, a long-term interest of the researcher.

Research Preparation

Fundamental research approaches or methods are classified as either quantitative, qualitative, or mixed-methods (Creswell, 2003; Gray et al., 2007; McMillan & Wergin, 2006; Leedy & Ormrod, 2001). Quantitative research uses numbers, statistics or other aggregated data to explore what exists while qualitative research is commonly known for explaining phenomenon through words, text, or narratives (Gray et al., 2007; McMillan & Wergin, 2006; Leedy & Ormrod, 2001). Mixed-methods research involves mixing quantitative and qualitative data into one study (Creswell, 2003).

Select Methodology: Qualitative Research

This research differs from the traditional intent of qualitative research—to develop emerging themes from gathered data—although it was written using characteristics of qualitative methodology such as words, text, and narratives. The objective of the present researcher was to utilize themes previously established in the GAO human capital study—rather than ascertaining common themes based on data gathered from interviewees—in order to determine if and how small businesses operationalized the criteria presented by the GAO.

There was no one single definition of qualitative research as researchers maintained different philosophies. Denzin & Lincoln (1994) offered a widely accepted generic definition

>Qualitative research is multimethod in focus, involving an interpretive, naturalistic approach to its subject matter. Qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to the them. Qualitative research involves the studied use and collection of a variety of empirical materials—case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts—that describe routine and problematic moments and means in individuals' lives. (p. 2)

However, Creswell's (1998) philosophy and definition rely less on sources of information

>Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyzes words, reports detailed views of informants, and conducts the study in a natural setting. (p. 15)

Creswell (2003) later added to his earlier definition, "The researcher collects open-ended, emerging data with the primary intent of developing themes from the data" (p. 18).

According to Creswell (1998), there are eight significant reasons for conducting qualitative research. First, the *nature* of qualitative research questions are characterized as asking "how" or "what" is occurring within a topic while quantitative questions ask "why" and look for comparisons, relationships, or cause and effect. The second reason for conducting qualitative research may be that a need exists to *explore* a topic for which variables are not easily identified or perhaps theories must be developed to explain a behavior. Third, qualitative research provides a *detailed view* of the topic or individual unlike quantitative research that cannot capture a subject's perspective because of its inferential methods. Denzin & Lincoln (1994) assert that qualitative researchers "can get closer to the actor's perspective through detailed interviewing and observation" (p. 5).

Fourth, a qualitative approach provides for the study of a topic or subject in their *natural setting*. The researcher is able to gather data within the domain of the subject(s)

and keep findings in context. The fifth reason for conducting qualitative research is the

researcher's interest in *writing*, "the writer brings himself or herself into the study, the

personal pronoun 'I' is used, or perhaps the writer engages a storytelling form of

narration" (Creswell, 1998, p. 18). *Sufficient time and resources* to dedicate to data

collection comprise the sixth reason using qualitative research. After data are collected,

extensive time is required for data analysis. Seventh, *audiences are receptive* to

qualitative research. Creswell (1998) sited possible audiences as "a graduate adviser or

committee, a discipline inclusive of multiple research methodologies, or publication

outlets" (p. 18). Finally, Creswell (1998) suggested using a qualitative approach to

underline the researcher's role as an *active learner* "who can tell the story from the

participants' view rather than as an 'expert' who passes judgment on participants" (p. 18).

Marshall & Rossman (2006) claimed the use of qualitative research was justified

in numerous circumstances: "(a) research that seeks to explore where and why policy

and local knowledge and practice are at odds; (b) research on real, as opposed to stated,

organizational goals; and (c) research that cannot be done experimentally for practical ...

reasons" (p. 53). Guided by the present study's three research questions and Creswell's

reasons for conducting qualitative research, the researcher determined that the study's

focus was on situations, settings, many variables and a few cases rather than concepts,

theories, few variables, and many cases (characteristics of quantitative research) (Gray et

al., 2007; Creswell, 1998). Research into how strategic planning, organizational

alignment, and talent were perceived by leaders and other employees of specific small

businesses could lead to new insights and create shared knowledge and meaning to

enhance competitive advantage of small businesses. While Lawler (2008) claimed that

organizations should not view human capital as a key source of competitive advantage, in

later research Lawler & Boudreau (2009) observed

> In an increasing number of organizations, talent that is better trained, motivated,
> and organized can be a source of competitive advantage. It can make it possible
> for companies to be more innovative, develop superior products and customer
> knowledge, and offer superior services. A growing body of evidence affirms that
> HR practices have a direct impact on the performance of an organization. The
> best firms are able to achieve both operational and strategic excellence in their
> HR systems. (p. 2)

Select Research Strategy: Descriptive Research

After the research approach was formulated for this study, the researcher

evaluated four research strategies presented by Marshall & Rossman (2006)—*descriptive,*

emancipatory, explanatory, and *exploratory*—to determine the most appropriate for this

study.

Leary (2008) defined descriptive research as "describing the behaviors, thoughts,

or feelings of a particular group of individuals ... in a systematic and accurate fashion" (p.

22). Marshall & Rossman (2006) proposed descriptive research "to document and

describe the phenomenon of interest" by inquiring about "the salient actions, events,

beliefs, attitudes, and social structures and processes occurring in this phenomenon" (p.

34). If the purpose of a study was "to create opportunities and the will to engage in social

action," Marshall & Rossman (2006) suggested using emancipatory strategy (p. 34). The

explanatory strategy was applicable if a study sought "to explain the patterns related to

the phenomenon in question or to identify plausible relationships shaping the

phenomenon" (p. 34). According to Marshall & Rossman (2006), the explanatory strategy is appropriate if the purpose of a study was to: (a) investigate little-understood phenomena, (b) identify or discover important categories of meaning, or (c) generate hypotheses for further research (p. 34). The researcher determined descriptive research strategy to be most appropriate because "it examines a situation as it is" (Leedy & Ormrod, 2001, p. 191) as well as addresses the salient actions, events, beliefs, attitudes, and social structures occurring in the phenomenon.

According to Gray, et al. (2007), a review of existing literature on a study topic is essential when implementing descriptive research (p. 39). Yin (2003) also supported the use of available research literature as a guide when defining the unit of analysis, "each case study and unit of analysis either should be similar to those previously studied by others or should innovate in clear, operationally defined ways" (p. 26).

Although much has been published on the subject of human capital, little research has been published exclusively linking human capital management self-assessment and small business. Zula (2006) researched and wrote on the development and initial assessment of an instrument for human capital planning. A well-known national assessment of the human resources function has been published once every three years since 1995 by the Center for Effective Organizations. This report stated specifically that the study's target population was large corporations rather than small businesses (Lawler & Boudreau, 2009).

However, a United States General Accounting Office (GAO) discussion draft that encouraged federal agency leaders to self-assess human capital practices in their agencies

attracted the researcher's interest. The GAO report focused on strategic planning,

organizational alignment, leadership, talent, and performance culture in public (federal)

sector as dimensions of human capital. From this GAO report, the researcher formed the

conceptual framework for the present study.

 Lowthert (1996) researched organizational performance in the nuclear power

industry. That research was based on a federal government study on high-performance

workplaces published by the U.S. Department of Labor. In defending research based on

the federal government study, Lowthert wrote

> A key to this research was the acceptance of the recommendations identified in
> the *Road to High Performance Workplaces: A Guide to Better Jobs and Better
> Business Results* by the U. S. Department of Labor's Office of the American
> Workplace (OAW). If the researcher cannot depend upon the work that led to the
> development of the recommended (OAW) practices, then the results and
> conclusions of the [Lowthert] study have little value. (p. 41)

Related national quality criteria literature and other research found in Lowthert's study

(1996) supported and validated the premise and content of the OAW guide.   Lowthert's

(1996) research accepted the (OAW) recommendations as valid for the improvement of

organizational performance.

The present research is based on the federal study *Human Capital: A Self-

Assessment Checklist for Agency Leaders* by the U.S. General Accounting Office's

Office of the Comptroller General. The dimensions of human capital that appear in the

GAO study were validated by empirical evidence from successful companies known for

outstanding human capital practices as well as national quality criteria literature. The

present researcher argued the transferability of Lowthert's premise. The results and

conclusions of the present study have little value if the researcher cannot depend upon the work that led to the development of the recommended GAO human capital practices.

Select Strategy of Inquiry (Tradition): Case Study

The next step was to select an appropriate research design or "tradition of inquiry," (Creswell, 1998, p. 47). The designs or "strategies of inquiry" (Denzin & Lincoln, 1994, p. 199) differ in form, terms, and focus. Denzin & Lincoln (1994), Creswell (1998), and Leedy & Ormrod (2001) agreed on four designs or traditions: *case study, ethnography, grounded theory study,* and *phenomenological study.* Creswell (1998) and Denzin & Lincoln, (1994) added *biography* as a design while only Leedy & Ormrod (2001) listed *content analysis* as an inquiry design.

Yin (2003) submitted three conditions to consider when selecting a research strategy "(a) the type of research questions, (b) the control an investigator has over actual behavioral events, and (c) the focus on contemporary as opposed to historical phenomena" (p. 1). Yin further suggested that the case study strategy was appropriate when "a 'how' or 'why' question is being asked about a contemporary set of events over which the investigator has little or no control" (p. 9). The present research into human capital practices and policies utilized "how" and "why" questions in the interviews so the responses were free from control by the investigator. The case study concept focuses on "developing an in-depth analysis of a single or multiple cases in a natural setting" (Creswell, 1998, p. 65). The primary purpose of a case study is "to understand one person or situation (or perhaps a very small number) in great depth" (Leedy & Ormrod,

2001, p. 157). Also in the case study scenario, data are collected from multiple sources including interviews, observations, documents, archival records, physical artifacts, and technology sources such as websites. Case study data are analyzed by describing, categorizing and interpreting data through common themes. The narrative form of this tradition is an in-depth study of a case or cases (Leedy & Ormrod, 2001; Creswell, 1998). Yin (2003) also defined case study as "an empirical inquiry that investigates a contemporary phenomenon within its real-life context" (p. 13). *Multiple sites* refers to the same research questions posed to a number of activities, cases or individuals using the same collection and analysis process (Creswell, 1998; Merriam, 1998; Herriott & Firestone, 1983).

Ethnography focuses on "describing and interpreting a cultural and social group" (Creswell, 1998, p. 65). The primary purpose of ethnography is "to understand how behaviors reflect the culture of a group" (Leedy & Ormrod, 2001, p. 157). Data collection comes primarily from observations and structured or unstructured interviews with informants during extended times (six months to a year) in the field as well as from artifact/document collections. Data analysis is focused on description, analysis, and interpretation of significant events. The narrative form of ethnography is a description of the cultural behavior of a group or an individual (Leedy & Ormrod, 2001; Creswell, 1998, p. 65).

Grounded theory focuses on "developing a theory grounded in data from the field" (Creswell, 1998, p. 65). The primary purpose of a grounded theory study is "to derive a theory from data collected in a natural setting" (Leedy & Ormrod, 2001, p. 157).

Data collection comes from interviews with 20 to 30 individuals to saturate categories as well as any other relevant data sources. Data analysis is focused on a prescribed and systematic method of coding the data into categories or continually interweaving data and identifying any interrelationships, then constructing a theory. The narrative form of grounded theory is by a theory or theoretical model (Leedy & Ormrod, 2001; Creswell, 1998, p. 65).

A phenomenological study focuses on "understanding the essence of experience about a phenomenon" (Creswell, 1998, p. 65). The primary purpose of a phenomenological study is "to understand an experience from the participants' point of view" (Leedy & Ormrod, 2001, p. 157). Data collection is from long, in-depth and unstructured interviews with up to 10 people (Creswell, 1998) or a sampling of five to 25 individuals (Leedy & Ormrod, 2001). Data analysis is a search for *meaning units* that reflect various aspects of the experience or integrating *meaning units* into a typical experience. The narrative form of a phenomenological study is the description of the essence of the experience (Leedy & Ormrod, 2001; Creswell, 1998).

Of the four additional benefits to using case study methodology in behavioral research provided by Leary (2008), two were especially applicable to this study

> *As a source of insights and ideas.* Perhaps the most important use of case studies is as a source of ideas in the early stages of investigating a topic. Studying a few particular individuals in detail can provide a wealth of ideas for future investigation.
>
> *Illustrative anecdotes.* Real, concrete examples often have more power than abstract statements of general principles. Researchers ... often use case studies to illustrate general principles to other researchers. (pp. 322-323)

The inquiry methodology selected for this research was the multiple site case study

because it "copes with the technically distinctive situation in which there will be many

more variables of interest than data points" and therefore helped to "explain the casual

links in real-life interventions that are too complex for the survey or experimental

strategies" (Yin, 2003, pp. 13-15). Rather than testing a hypothesis, the objective of the

present research was to create insight, new knowledge and meaning to human capital

management in small businesses (Merriam, 1998). The researcher then focused on

gathering data by inductively analyzing the meaning of the participants' words spoken in

a natural setting (Creswell, 1998). This research was also based on the case study

tradition because it explored processes, activities, and events (Creswell, 2003). This

multiple case study also served as a source of illustrative anecdotes, insights and ideas.

Study Schematic for a Multiple Site Case Study

The multiple site case study schema used in this research was adapted from Yin's

case study model (Yin, 2003) and used by Qiao (2006).

```
                    ┌──────────────────────────┐
                    │   Research Questions      │
                    └──────────────────────────┘
                                 │
                                 ▼
                    ┌──────────────────────────┐
                    │   Conceptual Framework    │
                    └──────────────────────────┘
                       ╱                    ╲
                      ▼                      ▼
         ┌────────────────────┐   ┌──────────────────────────┐
         │    Select Cases    │   │   Design Study Protocol   │
         └────────────────────┘   └──────────────────────────┘

    ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
    │ Case Study A │   │ Case Study B │   │ Case Study C │
    └──────────────┘   └──────────────┘   └──────────────┘
           │                  │                  │
           ▼                  ▼                  ▼
    ┌──────────────┐   ┌──────────────┐   ┌──────────────┐
    │Write Individual│  │Write Individual│ │Write Individual│
    │Case Study Report│ │Case Study Report││Case Study Report│
    └──────────────┘   └──────────────┘   └──────────────┘

                    ┌──────────────────────────┐
                    │   Draw Cross-Case         │
                    │   Conclusions             │
                    └──────────────────────────┘
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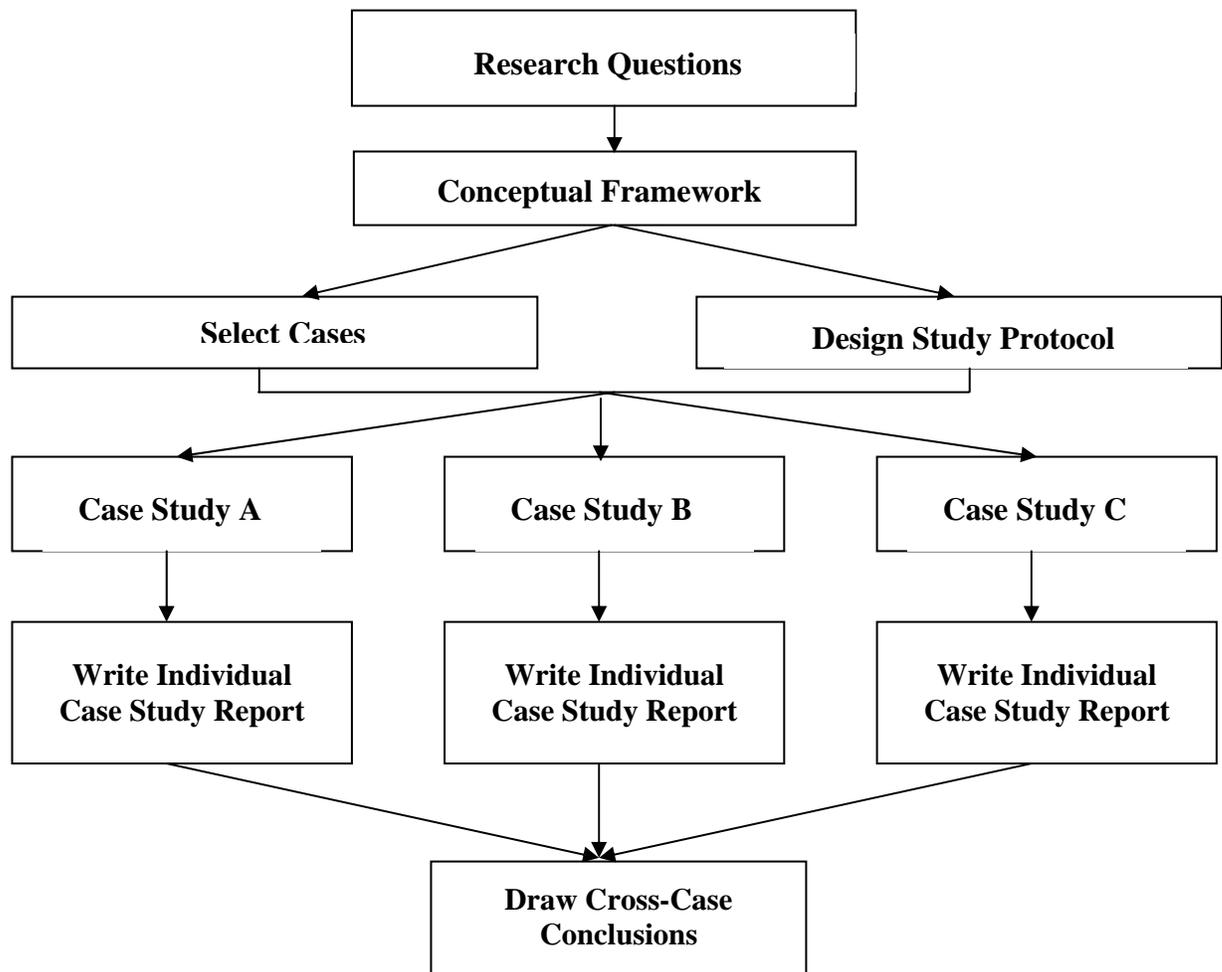
Figure 4. The study schema for the multiple site case study. Adapted from "Leadership
Development in China: How the Companies Develop their Leaders and What Critical
Factors Contribute to Enhancing the Effectiveness of Leadership Development
Practices," by Xuejun Qiao. Unpublished doctoral dissertation, The Pennsylvania State
University, © 2006. Used by permission.

Research Questions

The research questions addressed in this study were:

1. How do selected small businesses in Pennsylvania develop strategic planning?

2. How is organizational alignment operationalized in selected small businesses in Pennsylvania?

3. How do selected small businesses in Pennsylvania manage their talent?

Conceptual Framework

"A conceptual framework is an illustration or structure used to formally map a concept which guides the researcher to relevant evidence" (Qiao, 2006, p. 29). The conceptual framework on which this study was based is the United States General Accounting Office (GAO) human capital self-assessment comprised of five dimensions (a) strategic planning, (b) organizational alignment, (c) leadership, (d) talent, and (e) performance culture (see Figure 2). The researcher chose to limit this study to only three of the five dimensions of human capital (strategic planning, organizational alignment, and talent dimensions) because of the researcher's professional interest in these areas as well as the extensive time commitment required by interviewees to respond to many questions within all five dimensions. Strategic planning, organizational alignment, and talent were also chosen for this study because their implementation appears to the researcher to provide a significant impact on organizational improvement and economic success for small businesses.

Case Selection

The unit of analysis defined the case to be researched and described the level at which the entity was studied (Yin, 2003). For this study, the unit of analysis was at the organizational level while the source of data collection was through interviews with individuals employed by the organizations. As the conceptual framework for this study was the GAO self-assessment checklist for *leaders of federal agencies*, the researcher targeted *leaders of small businesses* in an attempt to replicate the GOA framework. Yin (2003) confirmed that interviews with individuals (employees or others associated with an organization) may be used as sources of data even though an organization (to which the individuals are associated) is considered the unit of analysis.

In a multiple site case study, it is important that the cases selected for study be thoughtfully considered so that the study either "predicts similar results (a literal replication) or … predicts contrasting results but for predictable reasons (a theoretical replication)" (Yin, 2003, p. 47). Creswell (1998) suggested that a case study examine something that was bounded in time or place, observe contextual material about the subjects, and gather extensive material to provide an in-depth look at the cases. Another important consideration in the selection of cases was the number of sites to be studied to provide adequate research results (Yin, 2003; Pettigrew, 1990). As multiple site case study design follows replication logic rather than sampling logic, Yin (2003) maintained that the sample size is irrelevant because the number of replications is dependent upon the certainty expected from those studies. Eisenhardt (1989) held that emergent or

replication theoretical sampling supports case studies while statistical sampling is used with studies that test hypotheses (p. 537).

Yin (2003) supported a small sample when using the case study method "because a sampling logic should not be used, the typical criteria regarding sample size are irrelevant" (p. 51). A small number (two or more cases) of theoretical replications is satisfactory when external conditions do not produce much variation in the phenomenon (Leedy & Ormrod, 2001; Yin, 2003). Gay et al. (2006) categorized the process of selecting a number of participants for a study or *sampling* as random (probability) and nonrandom (non-probability). According to Gay et al. (2006), a valid factor for using nonrandom sampling is that "researchers might not find many people willing to participate in their study" (p. 112).

Three popular nonrandom sample methods are convenience (accidental), purposive (judgment), and quota sampling. Gay et al. (2006) posited that "sampling in qualitative research is almost always purposive" (p. 114). Purposive sampling, also known as purposeful sampling (Patton, 2002), means that "with good judgment and an appropriate strategy one can handpick the cases to be included and thus develop samples that are satisfactory in relation to one's (survey) needs" (Kidder & Judd, 1986, p. 154). Researchers "observe and obtain information that can be generally used to select participants whom they judge to be thoughtful, informative, articulate, and experienced with the research topic and setting" (Gay et al., 2006, p. 113). Patton (2002) characterized purposeful sampling

> Cases for study (e.g., people, organization, communities, cultures, events, critical incidences) are selected because they are 'information rich' and illuminative. That is, they offer useful manifestations of the phenomenon of interest; sampling, then, is aimed at insight about the phenomenon, not empirical generation from a sample to a population. (p. 40)

Patton (2002) defended the use of purposeful sampling especially when dealing with small samples, "The logic and power of purposeful sampling derives from the emphasis on in-depth understanding; this leads to information-rich cases study in depth" (p. 46). Criterion is a sampling subset that occurs within the purposive approach; it is a strategy used to "identify participants who meet the defined criterion" (Gay et al., 2006, p. 115). Marshall & Rossman (1999) claimed that criterion sampling "includes all cases that meet some criterion, useful for quality assurance" (p. 78).

The researcher selected the criteria for organizations to be considered for the present study: (a) small business [earlier defined as maintaining a headcount of between 100 and 500 employees], (b) earned placement on the roster of "Best Places to Work in Pennsylvania," and (c) a primary base of business is in Pennsylvania.

As the focus of this study was the roles that strategic planning, organizational alignment, and talent played in the development of human capital management in small businesses, organizations identified by Best Companies Group as "leading the way in defining the employee experience of the 21st century" were selected. Best Companies Group featured "Best Places to Work," "Best Companies" and "Best Employers" programs in an effort to single out companies that were superior in workplace excellence (Best Companies Group, n.d.).

To be considered a "Best Place to Work," organizations applied for assessment by Best Companies Group which then researched applicants. Dynamics and characteristics of applicants' workplace were researched, analyzed, and reported by the Group. The final "Best Place to Work" designation and rankings were based on data collected from employee surveys and employer questionnaires with scoring emphasis on the employee opinion.

The one-hundred designated organizations that appeared on the "Best Places to Work in Pennsylvania - 2007" formed the criterion sample from which the companies in this study were chosen. Best Companies Group claimed these firms were "leading the way in defining the employee experience of the 21st century" (Best Companies Group, n.d.).

Organizations that appeared on the "best places" roster were classified as either medium size (25 to 250 employees) or large size (251 or more employees). As the research study headcount criterion was 100 to 500 employees, 31 organizations that met the headcount criterion were gleaned and recorded in a data base maintained by the researcher. After analyzing each organization by industry type and location, letters were sent by the researcher to the senior executive of 18 organizations inviting them to participate in the study. Only three positive responses were received, however two were eliminated because they either had additional worksites outside Pennsylvania or were unable to participate within the research timeframe. The remaining respondent was an eligible participant. The researcher perceived resistance to participate in the research may have occurred because of competitive reasons. Small businesses tend to be privately

owned, frequently by families, and often hold organizational information as confidential. Although the purpose of the interview was thoroughly explained in the invitation letter, the researcher was unknown to business owners and could have been perceived as a salesperson attempting to access high levels of an organization. Also, small business executives are often directly involved with business operations and have little or no time to participate in interviews or surveys.

After discussing the need to secure sample sites with a human capital management subject matter expert (SME) who also maintained an extensive small business network with a local Society for Human Resource Management chapter—in a modified chain referral sampling method—the SME provided the names of two small businesses in south-central Pennsylvania that met the criteria. He offered to speak to his point of contact at each business and recommend they participate in the research. After several telephone conversations between the SME, executives of the two organizations, and the researcher, the two recommended companies joined the study along with the lone participant from the letter writing campaign. In order to preserve competitive confidentiality, the organizations were referred to in this study as Company A, Company B, and Company C. The identities of the firms were known to only the researcher's dissertation committee members and the Social Science University's Institutional Review Board (IRB) of the Pennsylvania State University's Office for Research Protections. Company A was listed as a "Best Place to Work in Pennsylvania" for three consecutive years; Company B, three different years; and Company C, six consecutive years (Best Companies Group, n.d.).

The three organizations were also located in a south-central Pennsylvania county convenient to the researcher. When study samples are selected at the convenience or ease of access of the researcher, a convenience sample exists (Fraenkel & Wallen, n.d., ¶ 3). Although the study was also based on a convenience sample, the three organizations also met the criteria of a "realistic (research) site" proposed by Marshall & Rossman (2006) where

> (a) entry is possible; (b) there is a high degree of probability that a rich mix of the processes, people, programs, interactions, and structures of interest is present; (c) the researcher is likely to be able to build trusting relations with the participants in the study; (d) the study can be conducted and reported ethically; and (e) data quality and credibility of the study are reasonably assured. (p. 62)

Case Study Protocol

An essential component to increase the reliability of multiple site case study process is the case study protocol which is comprised of general rules that guide the entire case study process, the procedures used in the interview phase, and the actual interview instrument used in the interviews (Yin, 2003). The researcher developed a case study protocol that included (a) the purpose of the study, (b) field procedures, (c) interview guides, and (d) the guidelines for case study reporting (see Appendix E).

As part of the case study protocol, the three companies in the study each provided the researcher with the name of a point of contact to manage logistics of the interview process. The researcher requested interviews with each company's most active senior executive, the human resource director or manager, the most senior human resource

development or training professional, several key "line" managers, and several high

potential employees. Mid-level executives and high potential employees were

interviewed for purposes of triangulation. Participant approval letters were written by

each company's executive and forwarded to the Penn State University Office for

Research Protections (ORP), interview schedules were developed, and interviews by the

researcher began—first with Company B, then Company A, and with two interview

sessions at Company C. Data were collected for this study during a three-month period.

Conducting the Case Study within Company A, Company B, and Company C

Decisions on how to collect data from case studies is one of the most taxing

decisions the researcher must make (Fowler, 2002). Of the six common forms of data

collection offered by Yin (2003)—*archival records, direct observations, documentation,*

interviews, participant-observation, and *physical artifacts* (p. 86)—Merriam (1998)

submitted that *interviews followed by direct observation and documentation* was the most

common form of data collection used in numerous types of case studies. As a "case

study does not claim any particular methods for data collection" (Merriam, 1998, p. 28),

the researcher was free to select from several sources of data collection with no one

source having a distinct advantage over another (Ellinger, A. D., Watkins, K. E., &

Marsick, V. J., 2005; Yin, 2003). Eisenhardt (1989) and Yin (2003) stressed the use of as

many data collection methods as possible to more strongly substantiate the study.

In elaborating the interview form, called "guided conversations rather than

structured queries" by Yin (2003, p. 89), three types of interviews were evaluated: *open-*

ended, focused, and *survey.* The focused interview method was used because interviews followed a set of questions generated from the case study protocol rather than opinions and insights of respondents, typical of an open-ended interview (Yin, 2003). Merriam (1998) provided four categories in which questions should be framed: *hypothetical, devil's advocate, ideal position,* and *interpretive* (p. 77). Merriam (1998) described each of the four categories

> Hypothetical questions ask what the respondent "might do" or "what it might be like" in a particular situation, and questions usually begin with "What if" or "Suppose." Devil's advocate questions challenge the respondent to consider an opposing view. Ideal position questions ask the respondent to describe an ideal situation. Interpretive questions advance tentative interpretation of what the respondent has been saying and asks for a reaction. (p. 77)

For the purpose of this study, the interpretive method of questioning was used.

Pilot Case Study

Researchers stress the importance of pilot testing prior to applying any survey to its desired population. Piloting a survey benefits the researcher in many ways including testing the protocol and data collection procedures, insuring that the interview questions are written concisely and clearly, identifying and resolving any problems before releasing the survey, and an opportunity to estimate the time of an interview (Gall, Gall & Borg, 2007; Ellinger et al., 2005; Merriam, 1998; Yin, 2003). Pilot testing is conducted on a small scale by administering the survey to an audience of two or three that is similar to the formal testing population thus permitting any identified revisions to be made early in the survey process (Gall et al., 2007). Yin (2003) contended that the pilot case study test is not a pretest but rather a more formative evaluation to assist in clarifying the concept of

the research design. In considering the choice of pilot cases, Yin (2003) suggested that a pilot site be conveniently located near the researcher and convenient to access. The systems manager at Company B was the principle for the pilot test.

To legitimize the quality of the data and the study, the researcher utilized a three-prong strategy. First, the primary interview data were triangulated with secondary data. Second, interview data were collected from the highest ranking chief executive, the highest ranking human resource officer, human resource manager, line manager, and high potential employees within each organization and then triangulated across informants at different positions within each organization. Third, by engaging the cross-case study design, the researcher triangulated data from three different cases to identify similar and unique themes. In analyzing the data, the researcher first developed a case study report for each case studied. To enhance the study validity, a draft case study report was provided for checking to the highest ranking chief executive and the resource officer in each of the three businesses. Comments from the key informants were incorporated into the revised case study reports. Following the within-case analysis, a cross-case analysis was performed and common themes across the three cases were presented for each research question.

Role and Background of the Researcher

The responsive interviewing and evaluation approach used in this research was defined by Patton (1997) as seeking "various points of view of different constituency groups and stakeholders" with the role of the researcher being "to capture, represent, and

interpret varying perspectives under the assumption each is valid and valuable" (p. 194).

Accordingly, Gall et al. (2007) added that responsive interviewing "focuses on the concerns and issues affecting stakeholders" (p. 652).

Rubin & Rubin (2005) contended that the responsive interviewing model underlines the value of an ethical relationship between the researcher and the interviewees to insure a deep rather than broad understanding of the study matter while remaining flexible to go in unexpected directions if taken by the interviewee. Rubin & Rubin (2005) also focused much attention on the relationship between the researcher and conversational partners or "those who respond to interview questions" (p. 14). Although the initial role of the researcher was to establish the general direction of the study, the researcher must also maintain sufficient knowledge of the focus organizations and be intuitive, respectful, and flexible in order to maximize themes, trails and patterns offered by the interviewee. "The ease with which a researcher establishes relationships with members of a group depends to a large extent on the nature of the group and the skills of the researcher" (Frankfort-Nachmias & Nachmias, 2008, p. 262).

The role of the researcher also includes selecting key informants (interviewees or conversational partners), collecting documentary and archival data as well as observational and ethnographical material (Pettigrew, 1990). Key informants are those with a "lead position in the organization, initiators of change, and internal interest groups" (Pettigrew, 1990, p. 277). Documentary and archival data include "minutes of relevant meetings, strategy and policy documents, and secondary quantitative material on activity levels, memos and correspondence" (Pettigrew, 1990, p. 277). Observational

and ethnographical materials include "planned sites visits to meet staff and visit facilities, chance meetings, conversations, and time within the organization" (Pettigrew, 1990, pp. 277-278).

Another integral role of the researcher is to produce a high-quality analysis of completed interviews. Yin (2003) proposed four guiding principles for a high-quality analysis: "attend to all the evidence, address all major rival interpretations, focus on the most significant aspect of the study, and (the researcher should) use your own prior, expert knowledge" (p. 137).

Creswell (2003) wrote that qualitative research is perceived as an interpretative form and claimed that the researcher is "typically involved in a sustained and intensive experience with participants" (p. 184). Because of these potential relationships, Creswell (2003) very strongly held that researchers "explicitly identify their biases, values, and personal interests about their research topic and process" (p. 184). For that reason, the present researcher's background, role, and biases were presented.

The researcher has worked with small businesses as well as in human resource development (HRD) [specializing in training and development] since 1980 when he founded a marketing and advertising firm that specialized in consulting small businesses. His interest in HRD and the competitive value it can add developed when a client introduced a new customer service for which employees and customers had to be trained. Customers were trained in the benefits and proper use of the new service through media advertising while employees learned the operation of the new service through comprehensive classroom and on-the-job training sessions.

In another case, to provide sound marketing and advertising principles, strategies, and applications to a wider small business arena, the researcher wrote a 140-page loose-leaf advertising and marketing workshop manual and sold it nationwide via mail-order as a stand-alone manual. From 1983 to 1990, the workshop manual was presented by the researcher as a full-day training course through chambers of commerce, state and federal agencies, and a community college.   The researcher has cumulative experiences as a career development advisor and consultant, education coordinator and manager, course developer, learning academy director, as well as an adjunct college instructor at the graduate level. A life-time member of his local ASTD chapter (formerly known as the American Society for Training and Development), the researcher received the chapter's first lifetime achievement award in 2008 for his service to the chapter and the training and development profession.

In this study, the researcher assumed the role of the sole interviewer. Fowler, Jr. & Mangione (1990) extolled the value of adequate interviewer training or at least "some general orientation" (p. 106). Fowler, Jr. (2002) later clarified, "Unless interviewer observations or ratings requiring an extensive specialized background are needed, a trained interviewer with no special background usually is the best choice" (p. 122). As a doctoral student in workforce education and development, the researcher had prepared for the interviewer role by taking courses entitled *Process Consultation* and *Survey Research*.

Data Collection

Methods to collect data or other evidence are varied; however, for use in case studies, data are culled primarily from in-depth interviews with key players, documentation and other archived matter, and through observation (Eisenhardt, 1989; Pettigrew, 1990; Yin, 2003). "Unlike experimental, survey, or historical research, case study does not claim any particular methods for data collection or data analysis" (Merriam, 1998, p. 28). For this present research, the data were collected through two primary sources: interviews and archival matter. In-depth interviews were conducted in each organization's home office with key people such as the business owners or managers, human resource directors, human resource development representatives, line managers, and high-potential employees. Relevant marketing and advertising materials were collected and company internet sites were referenced.

Interview questions, implied consent forms, and requests to record interviews were provided to each interviewee in advance to prevent any misunderstanding or confusion at the actual interview. Fowler & Mangione (1990) advocated recording interviews as part of the quality control process.

The researcher appeared at each organization at prearranged times to conduct interviews. After the researcher was introduced to each interviewee, pleasantries were exchanged, the interview process was explained, the implied consent form reviewed and signed. Permission to digitally record each interview was granted by all interviewees. In addition to the recordings, the researcher made copious notes to fill in any information gaps—another quality control measure. In all settings, the participants appeared at ease

and candidly open, accepting note taking and the presence of a digital recording device as a natural part of the interview process. The average length of the 18 interviews was 50 minutes. When the interviews at each company were completed, the researcher downloaded the digitally recorded interviews to his computer hard drive and made a compact disc (CD) recording of each interview for a technographer to transcribe into a Microsoft Word file. After all interviews were transcribed, the technographer returned the CDs to the researcher who stored them in a locked file drawer in his home office. The computer on which the Word files of the interviews were stored was password protected.

<div align="center">*Individual Case Study Reporting*</div>

Verifying the Quality of the Study.

"All research must respond to canons of quality—criteria against which the trustworthiness of the project can be evaluated" (Marshall & Rossman, 2006, p. 200). Merriam (1998) posited that when "understanding" is the underlying purpose of research, "the criteria for trusting the study are going to be different than if discovery of a law or testing a hypothesis is the study's objective" (p. 200). To establish trust in and further strengthen the quality of empirical research, three tests of validity were proposed by Yin (2003): *construct validity, internal validity,* and *external validity.* However, Creswell (2003) posited that "validity does not carry the same connotations as it does in quantitative research" (p. 195). Creswell (2003) further stated

> Validity ... is seen as a strength of qualitative research, but it is used to suggest determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account. Terms abound in the qualitative literature that speak to this ideas, terms such as 'trustworthiness,' 'authenticity,' and 'credibility,' and it is a highly debated topic. (pp. 195-196)

As qualitative researchers argued for different validation standards for judging the quality of research, Lincoln and Guba proposed four alternatives for judging the soundness of qualitative research as an alternative to the traditional quantitative-leaning criteria (Marshall & Rossman, 2006).

Traditional Criteria for Judging Quantitative Research	Alternative Criteria for Judging Qualitative Research
Internal validity	Credibility
External validity	Transferability
Reliability	Dependability
Objectivity	Confirmability

Figure 5. A comparison of traditional criteria and alternative criteria for judging trustworthiness of quantitative and qualitative research. From "Research Methods Knowledge Base, Qualitative Validity," by W. M. K. Trochim, 2006, retrieved July 1. 2009 from http://www.socialresearchmethods.net/kb/qualval.php

Marshall & Rossman (2006) explained the alternative criteria. The first construct, *credibility*, is to "demonstrate that the inquiry was conducted in such a manner as to ensure that the subject was appropriately identified and described." For a study to maintain *transferability*, the researcher should argue that "findings will be useful to others in similar situations, with similar research questions or questions of practice. *Dependability* means "the researcher attempts to account for changing conditions in the phenomenon chosen for study and changes in the design created by an increasingly

refined understanding of the setting." The final construct, *confirmability*, refers to the extent that others would be able to corroborate the researcher's documentation. (pp. 201-203)

Reporting.

Gay et al. (2006) described data analysis as "an attempt by the researcher to summarize collected data in a dependable and accurate manner. It is the presentation of the findings of the study in a manner that has an air of undeniability" (p. 467). Eisenhardt (1989) further contended that journal articles usually contain research sites and data collection methodology but rarely discuss the analysis of data (p. 539). Although at the core of constructing case study theory, the analysis of data is the most difficult, under-developed and least codified of the research process (Eisenhardt, 1989; Yin, 2003). Patton (2002) added "data generated by qualitative methods are voluminous. Sitting down to make sense out of pages of interviews and whole files of field notes can be overwhelming. Organizing and analyzing a mountain of narrative can seem like an impossible task" (p. 440).

As no specific or preferred method was presented for analyzing data (Creswell, 1998), the researcher selected a logical seven-phase analytic procedure presented by Marshall & Rossman (2006): (a) organize the data, (b) become immersed in the data, (c) generate categories and themes, (d) code the data, (e) offer interpretations through analytic memos, (f) search for alternative understandings, and (g) write the format for presenting the study.

Organize the data and immersion in the data.

Data for this research were generated from the seven-question interviews conducted with 18 respondents. All formal data and field notes were read twice by the researcher. Notes were also made and key points and issues were highlighted that enabled the researcher to begin to outline categories (Gay et al., 2006).

Generating categories and themes, coding the data, analytic memos.

As this study was modeled after the GAO framework for human capital, the categories and themes were originally established and presented in GAO/GGD-99-179: strategic planning, organizational alignment, and talent. Within each category, the GAO framework provided more specific themes which became the basis for data coding (see Appendix A). Meanwhile, a within-case analysis format was devised and applied to the data compiled from within each organization. Then a cross-case analysis format was prepared so data from each organization could be compared side-by-side. (Eisenhardt, 1989; Merriam, 1998).

Defined as "the formal representation of analytic thinking," coding the data "is (the process of) generating categories and themes" (Marshall & Rossman, 2006, p. 160).

Data Themes	Data Categories
Strategic planning	Organization's mission, vision for the future, core values, goals, and strategies
Organizational alignment	Integrate human capital strategies with the agency's core business practice
Talent	Recruit, hire, develop, and retain employees with the skills for mission accomplishment.

Figure 6. Themes and categories established in the framework for human capital.

As the researcher read interview scripts and other notes, interviewee responses were posted electronically to each firm's within-case analysis table formatted according to the themes and categories previously presented. When the within-case analysis was completed, the researcher performed a cross check of all three firms and populated the overall cross-case analysis tables. Although computer software was available to expedite the analysis of large bodies of word processed data, the researcher deemed that the quantity of data to be analyzed in this study did not warrant the use of such software packages such as NVivo, NUD*IST, The Ethnograph, or HyperRESEARCH (Gay et al., 2006.

Draw Cross-Case Conclusions

Search for alternative understandings.

During the previous phases of data analysis, it became evident to the researcher that two additional dimensions in the GAO human capital framework—leadership and performance culture (not included in the present study)—were significant factors and played important roles in the human capital management program of the three organizations under study.

Write the format for presenting the study.

The final phase of data analysis was writing the report, the within-case analysis and the cross-case analysis. Within-case analysis is a detailed description of each study

site that provided the researcher an opportunity to become very familiar with each site by treating it as an individual but comprehensive case. Through each within-case analysis, unique patterns of each study should begin to emerge which will move the analytical process to the cross-case analysis. There was no standard format prescribed for within-case analyses (Creswell, 1998; Eisenhardt, 1989; Merriam, 1998). Yin (2003) maintained that pattern-matching logic was a "most desirable technique for case study analysis as it can add internal validity to the analysis" (p. 116). In this research, pattern-matching identified within-group similarities together with inter-group differences in each case.

Once within-case analysis was completed, the researcher began a cross-case analysis in an effort to build abstractions across the cases (Merriam, 1998). Cross-case analysis, "a thematic analysis across the cases" (Creswell, 1998, p. 63), was employed by selecting categories and then searching for within-group similarities together with inter-group differences (Eisenhardt, 1989).

In addition, the researcher divided evidence by data sources such as interviews and observational data in an effort to discover unique insights. "When a pattern from one data source is corroborated by the evidence from another, the finding is stronger and better grounded" (Eisenhardt, 1989, p. 541). Eisenhardt (1989) reinforced the use of cross-case searching because it forces researchers "to go beyond initial impressions" and discover "novel findings" that may be embedded in data (p. 541).

Yin (2003) held the view that the ability to collect and process evidence from multiple sources then triangulate converging lines of inquiry is a major strength of case

study data collection. According to Patton (2002), combining data types through triangulation increases the validity of the research. As a means to confirm and corroborate research as well as to enhance internal validity, the researcher combined data to triangulate emerging findings (Gall et al., 2007; Merriam, 1998; Patton, 2002). Based on Yin's (2003) three principles of data collection, the researcher triangulated interview data collected from the senior executives, human resource development professionals, line managers, and high performers identified in the multiple cases studied. Triangulation was accomplished by comparing and contrasting comments provided by the representatives of the three organizations under study. Also, the cross-case study process permitted the researcher to triangulate data from the three different cases and identify repeated themes.

Chapter Summary

This chapter began with an overview of selecting a proper research topic. The second section detailed the research preparation phase: selecting the correct methodology, research strategy, and method of inquiry. The final section detailed the study schema used in this research. Each step in the schema was introduced in detail: research questions, conceptual framework, case selection, case study protocol, conducting the case studies, individual case study reporting, and drawing cross-case conclusions.

Chapter 4 presents the findings of the case studies of Company A, Company B, and Company C.

CHAPTER 4

STUDY RESULTS

According to Miles & Huberman (1984), the analysis of collected textual data flows concurrently through phases of data reduction, data display, and verification. Data reduction is the process of "selecting, focusing, simplifying, abstracting, and transforming raw data" collected earlier. Data display is the "organized assembly of information that permits conclusion drawing" (pp. 21-22). As narrative text can be cumbersome and difficult to interpret especially in multiple site case studies, appropriate data may be displayed as figures, tables, matrices, graphs, and charts. The third stream of analysis is conclusion-drawing and verification or when *meaning* emerges from the data and that those meanings are valid. The study findings in this chapter appear as *words* collected from Company A, Company B, and Company C via observations, interviews, extracts from internal documents, printed marketing and advertising pieces, and websites. The processed data findings collected from each case first appear in chapter four as extended text. Data were examined by identifying common themes through cross-case analysis. Within each cross-case analysis, a case overview and within-case analysis appear. Within-case subsections were applied to three research questions.

This chapter is comprised of four sections. Sections one through three are the within-case analysis of each of the three anonymous cases, Company A, Company B, and Company C. Cross-case analyses are found in the fourth section.

Company A: Manufacturer

Case Study Overview

Background

In 1989, Company A was founded in a garage in Central Pennsylvania by three brothers and is a story of family, tradition, and Pennsylvania German craftsmanship. Based on a love for the woodworking craft and a commitment to designing and building quality products, Company A has grown to become a leader in its specialty. After one year in business, Company A moved to a larger facility and began hiring experienced craftsmen to help meet orders. Over a nearly 20 year period, Company A has responded to an increased demand for its products by growing at a controlled, steady, double-digit rate. In 2008, there were over 165 workers employed by Company A which occupies 55,000 square feet of manufacturing space.

Since its founding, Company A has hired quality people who are known as stakeholders (an all-inclusive term for customers, associates, design professionals and vendors). Today, Company A remains true to its heritage by blending a commitment to craftsmanship with state-of-the-art technology and by hiring only the best local cabinet-makers, finish artisans, and promising apprentices.

Company Ideals

Core Values

The five core values to which Company A ascribes are: Integrity, People, Quality, Innovation, and Competency.

Integrity is defined by Company A as "doing what you say you will do even when nobody is watching." At Company A, integrity is the honest, fair and consistent caring for others; facing moral obligation; sharing responsibility for the well-being of all stakeholders; and acknowledging the enabling grace of God in every situation.

Vision

To be a leading manufacturer of upper-level residential custom cabinetry, enabling Company A to have a positive impact on those communities and people with whom they interact.

Mission

To achieve their corporate vision via continuous pursuit of excellence in stakeholder relationships by:

- Conducting business in a manner that generates steady, solid, and continuous growth and profitability, leading them to a leadership position in their industry
- Supplying customers with total quality backed by uncompromising service and support
- Realizing employees are their greatest asset
- Partnering with vendors to insure long-term, mutually beneficial relationships
- Being an asset and positive influence in the community
- A commitment to continuous improvement
- Practicing the highest moral and ethical principals of business

Promise

Especially for upper end, value-conscious designers and dealers, Company A is the best source of easily transacted, profitable, repeat and referral business that delivers affordable, functional and fashionable products, while nurturing excellent relationships.

People

People are celebrated at Company A. The organization attempts to serve the needs of the "total person"—spirit, mind, body and soul. Company A employees work safe, pray often, get paid well and always communicate. The organization and employees share the rewards of success, and the firm invests in the potential of their "precious human resource." Together, organization and employees rejoice in victory, persevere through trial, and encourage one another along the way.

Philosophy Concerning Company A Associates

The most valuable assets are Company A associates. Company A desires to maintain an environment where all associates can:

- Earn an excellent living, providing for themselves and their families
- Experience personal growth and development
- Have a rewarding and fulfilling career
- Develop a good balance in life between God, family and vocation
- Be part of a winning team

Within-Case Analysis of Company A

Selection and Background of Interview Subjects

The president, vice president of development, vice president of administration, dealer support team leader (role of a line manager), and a plant manager (role of a high potential employee) were interviewed in August 2008. The president is a cofounder of the firm; the vice president of administration is responsible for human resource functions, information technology programmers, and the management of facilities and maintenance. Both the vice president of development and vice president of finance were hired in 1999 in an intentional effort to bring new developmental and finance skills into the organization. According to Company A's president, "It really was an investment. Unless we were going to grow, we couldn't have afforded it. But it was a wise investment and it paid off quite well." After the addition of the developmental and finance executives, Company A had a senior leadership team mix of both experience and youth.

Table 1

Background of Interview Subjects – Company A

Subject code	Gender	Job level	Business unit
PRES President	Male	President	Executive
VPA – Vice President of Administration	Male	Vice President of Administration	Executive
VPD – Vice President of Development	Male	Vice President of Development	Executive
LM Line Manager	Male	Dealer Support Team Leader	Sales
HIPO – High Potential Employee	Male	Plant Manager	Manufacturing

Research Question 1

How do selected small businesses in Pennsylvania develop strategic planning?

Theme: A clearly defined and well-communicated shared vision by which the organization has defined its direction and its expectations for itself and its employees.

The need to maintain some form of foundational values for the organization to rally around surfaced in the early 2000s. Company A sensed a need to develop a "brand position" which subsequently morphed into its "brand promise."

The marketplace in which Company A operates is highly fragmented "from the high end to the stock guys (manufacturers)." Company A leadership felt it was imperative to step up and say "this is who we are and this is the niche where we can really excel." This process was an effort spearheaded primarily by senior leadership and involved the sales team and others in customer service, order entry, and engineering processes. From there, Company A leadership began to sense the need for some foundational values that the entire organization could rally around. That "sense" soon developed into a list of core values.

The leadership team was very interested in articulating the values that drove behaviors, and the president created a values survey that was given to managers, employees and their families, customers, and even suppliers. Feedback helped answer the question, "We say we want to be this, but does our walk really match our talk?" Responses to the stakeholder survey were used to calibrate and help craft statements of core values which are upheld nearly ten years later.

The president explained that Company A maintains a human capital strategy that is built into the organization's performance assessment. Company A created their own internal performance assessment or appraisal process and into that process the firm integrates their core values and the key elements of what drives their employees' success. Evaluations are all calibrated around Company A's mission and vision; they are all calibrated toward the human capital strategy which is to grow and develop and recruit the right individuals into the right places in the company.

Representative statements from those interviewed:

PRES: We do communicate (our shared vision). Our mission, vision, core values are all evident (on organization's website). We have them hanging in various places throughout the organization. And that's been **well articulated in the normal way and communicated throughout the organization – probably one of the most visible things we have that communicate the broader picture of who we are, who we want to be, and where we're headed.**

VPA: This is something that has been around for some time. In fact, (the president) had articulated those in the fashion you see them almost verbatim. The president has always been an influential leader of our company, always striving for excellence. **And that's something (the mission and vision) that was well communicated out to the rest of the organization. So these two things have existed for some time, probably since the inception of the company.**

(Literature about shared vision) has been given to our associates. We talked a little bit about them. Again, we will use these during a new employee orientation process. **For employees who have been here for some time, we made a habit of trying to get this into their hands with probably just a few brief comments, not near to the length that you and I just talked.**

VPD: Yes. Without a doubt, I think that's a strength of ours. They're on most of our walls. We tend to really keep them alive. We use those to calibrate our decisions, our thinking, and we're constantly looking at ways of connecting those to behaviors, performance, plans, and so forth.

LM: Yes. One of the ways is just, like for example, we have them displayed throughout the organization. Displaying is only part of that, but then also referring to them in numerous times. **We have a bi-weekly communication huddle to relate the state of the business and keep people informed; but we also tie in one of – and refer to – the values, core values particularly. It's tied (to performance assessments) in the various questions and in the categories, grouped by categories, describing how the people are meeting those expectations. If (employees) are not aware of (shared values), then it's probably because they've chosen to tune it out.** Everyone should be well aware of it.

HIPO: Yes, I feel we do that very well. It's also reflected in our employee assessments that are held annually. On a leadership level, we have a goal where we like to (establish) the largest number of units we could possibly produce in the plant as we have it today, and then the steps that it takes to get there.

Theme: A coherent human capital strategy to steer the organization toward achieving its shared vision and integrate that strategy with the organization's overall strategic planning.

Company A has integrated its core values and key employee performance elements into a homegrown internal performance assessment or performance appraisal process. That is what associates are evaluated on in their annual evaluation. For members of its management team, the organization conducts three evaluations a year: an official evaluation as well as two evaluations referred to as "development encounters" or follow-ups to the official evaluation. Once every four months, senior leaders review with managers how each are progressing with their development. The encounters and evaluation are calibrated around the human capital strategy to help the firm grow, develop and recruit the right individuals into the right places in the organization.

Representative statements from those interviewed:

PRES: We're now instituting MOR – *Manager Once Removed* – where the development encounters for all our management team members will be conducted, not by their supervisor, but by their supervisor's manager or supervisor's supervisor – again, to build a greater depth of understanding within the organization about the talent we have, what development needs exist, what strengths and weaknesses are there. I will now be involved in the development encounters in asking employees, "Do you have the training, the tools, the resources that you need to do the job you're being asked to do?" "Are you being given the support to accomplish your daily, weekly, monthly goals and objectives?"

VPA: We started looking at our whole performance assessment system; it didn't really look at each individual's performance and their own behavior; it didn't take it and focus it back against the core values that we've identified for our own behavior. (In rewriting the performance assessment system) **we said the non-negotiable is that it has got to link back to our core values.** We believed the second non-negotiable is our performance drivers. So we said our core values must tie into a performance system. We've been successfully using it (revised performance system) since January 2006.

Research Question 2

How is organizational alignment operationalized

in selected small businesses in Pennsylvania?

Theme: An explicit workforce planning strategy to identify current and future human

capital needs.

According to its president, Company A conducts an annual profit planning

process to develop a budget or a profit plan for the upcoming year; that plan is rolled into

a three to five-year plan as well. An element of the annual planning process involves

developing a specific hiring plan for the number of individuals in each department that

will be required to achieve the firm's growth plan for the following year. Company A

has grown rather rapidly some years, but with the current economy and the housing

market, the firm is not planning for the same level of growth that existed seven or eight

years ago.

Company A deploys employees across the organization. If a person is hired as a

hardware technician, for example, they would be cross trained in some other areas in the

same department as well as in other manufacturing areas.

The most deployable employees are those who have sought development in

additional competencies. The employee development concerns that management has

seriously considered include legal issues related to *reduction in workforce, a* good tool to

identify leadership talent among current workers, and *real and perceived performance*

deficiencies.

The Toyota Production System has been adopted by Company A because its product is not only custom made, it is made-to-order products; the firm never knows what product "mix" customers will order. The product mix variable requires a very deployable workforce with much cross-skills training. Company A is constantly seeking other cross-skills training processes as well as creating the documentation systems and administrative systems to support a just-in-time manufacturing culture.

Representative statements from those interviewed:

PRES: We've grown rather rapidly some years, but right now with the economy where it's at and the housing market, **we're certainly not planning for the same level of growth we would have seven, eight years ago.** But every year we have that hiring plan and **we do then pursue or implement that plan intentionally with specific numbers of people, each area, what skills are needed, what competencies are needed. We also, in a less formal way, look at the longer term plan, as well, and are intentional about what we need. That's more focused not on direct production as much as management or overhead, if you will, like information development.** We employ two programmers, full-time IT programmers, in our HR Department – those areas are quality control. Those are the areas that we would paint a longer view of and be able to say in the next X number of years, we will be at a certain level of production. We would look to be adding this position or that competency and so forth. We break that down then, too, again in a very tangible way.

We're in the process now of developing training teams, or a training function—that is more intentional than we've ever had before—where we can do a skills inventory of every single associate and be able to identify skills that they do not have that they could or should have to help them add value to the company. And then a process, a very intentional process of implementing the training that would be needed to get that individual to acquire the skills that we're saying that they should have to add value to the organization.

VPA: I'm going to say no, with an asterisk. It's not that we never thought about that. If you ask have we spent some time discussing what our specific human capital needs are going forward, the answer is yes, we have. If you ask do we have an explicit strategy, no. We are on the cusp. In fact, I think the only thing that is left to happen yet is pick a date on the calendar to sit down and start in earnest a process that starts to take a systematic look at our entire organization, to rank our people, and start to say where the holes are. I think intuitively we know where the holes are right now, but

we need something that is, number one, much more systematic, occurs with regularity, and then provides some context with which we can say we've gone about this consistently across the board.

VPD: That's a piece where I would say we have a lot of room to grow in. We've got fragments, but we do not have a cohesive, strategically-aligned – I'm going to call it talent management thinking – in place yet. It is definitely under development and we see the need and the opportunity to work at that. Succession planning is a part of that. You have these people who have not been well educated in most cases – smart, but under-developed – now, all of a sudden, they're leading large segments of the organization in an increasingly complex, competitive environment. So we've gotten a little bit of a wake-up call, and now we're trying to figure out how do we, in a cohesive way, make sense out of this that identifies both the development needs for that next level.

LM: One of the areas that occurs is weekly labor planning. That's basically taking all of the associates and factoring in time off for vacations or different things like that and then along with business needs, capacity and demand, seeing how many hours – we know what the demand is and we know what the hours are – and computing what departments need. **Deployment is definitely something that's done throughout the organization. But as far as the actual planning, there's the labor planning.** There is again, in the communication huddles, the associates are hearing what is coming as far as the next several weeks as far as workload. The actual inter-department meetings would be another way that people would know what the hours are ahead of time as opposed to showing up and finding out the time.

HIPO: The first thing we try to do (to communicate an explicit workforce planning strategy) is keep our associate very informed. We have a biweekly communication huddle. In that huddle, there are various things that we communicate; but one of the things is the incoming units, what are the projected production goals for the next two to three weeks and that sets the foundation for working lots of overtime; is there a need to increase the labor force. Also, each week, a production goal is set and we will display the current week's production goal and the amount of segments that it will take to work. That gives them a little bit of a look into the future.

VPD: My role (in development encounters) is to really focus on the development aspect of not only that employee's development plan, but also to supervise, because we have very young supervisors here and they have a lot of development needs, so I'm also kind of like live coaching, in these interim events. So we're really looking for ways to integrate that personal coaching for both the leadership as well as the individuals being reviewed, and really put emphasis on professional development concurrent with performance.

Theme: Reliance on human resource professionals to provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination and counseling.

Company A relies on the human resource function to provide integrated mission support and reach out to other functions throughout the organization. The vice president of administration has three primary responsibilities: *information technology, facilities*, and *human resources.* All of those functions are viewed as support to operations in the sense that the firm attempts to leverage them in a "servant way" to allow operations to achieve their objectives. The administrative vice president is involved in strategic development focused on people, evaluation processes, and talent management.

Representative statements from those interviewed:

PRES: We also have a human resource administrator, and she also is very much involved in the performance evaluations. She approves every performance evaluation. She kicks back those evaluations if there are inconsistencies that she sees. When we determine increases or wage decisions, there's a checks and balance kind of auditing process that HR is involved in. **From the very daily, tangible evaluation process all the way to the larger, more broad strategic efforts around how we develop people, HR is a very key role in that.**

VPA: The answer to that question would be a definite yes. Maybe what we do is completely normal; maybe it's ahead of the curve; maybe it's way behind. But we have a lot of the daily functionality – my title says that I'm in charge of IT and HR and facilities. (The VPD) title says he's in charge of development. But at the senior level, it's almost, at times, as if those titles kind of obscure into the distance.

So the HR, the human capital side of things, is definitely part of that discussion. We also have a unique arrangement here in the fact that development—I'm not sure how many organizations our size have the privilege of having a guy like (the VPD) sitting on staff— so I think we're blessed in that regard, not only because we have this position, but just because we have (VPD's name). He's a wonderful individual. But the HR and the development function are not connected in terms of reporting structure. Now they're

connected at the senior level because we kind of all lose our hat when we all sit and talk about it collectively, but at that department level, they are disconnected.

VPD: In my experience, while this is the smallest company I've ever worked for, it's exceedingly easy to do that here. Not only are we invited into all these functions and all these processes where we can provide input and provide even functional support, we can invite ourselves if we see the need.

LM: One of the things that has happened with the Company A production system, engineers that will take a problem and fix it. That sounds really basic. They're a resource that can dive into an issue and assist in helping work through a situation and just – whether it's fix it or improve it, doesn't even necessarily have to be something that's broken.

HIPO: The first thing is start out with a yearly plan for production, and we map out not only each month, but each week and where we expect the incoming orders to be. Obviously, we don't hit it dead on, but we can feel that by this time of the year, we're going to be ramping up. We expect the orders to be coming in heavier, and the current staffing may or may not cover that. That's the first step. That's sort of our four-month forecast, if you will.

The (Plant Manager), (PRES), and a member of our HR department are involved in this process. We keep HR involved so they have a good pulse on what the upcoming needs would be. They also keep us informed of any new applications that are coming, even though we're not recruiting, they can come off the streets – friends of folks that work here might be filling out applications. And if there's a really good looking resume, HR can even bring up.

Theme: Does Company A rely on its human resource professionals to lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?

Company A maintains a strong stance on developing personnel from within.

Representative statements from those interviewed:

VPA: I'm a perfect example. Case in point is IT, HR, and facilities. I had no formal training in any one of those areas. I came fresh out of high school, developed a

relationship with (PRES) because I worked with him at a previous organization, and he asked me if I'd join this organization – well, the rest is history. But (Company A) has given me so many opportunities to say, "Yeah, I'll give it a shot and see how it works for me." We are bent in that area, almost – I shouldn't say this – but almost sometimes to a fault. If I would say to a fault, we maybe don't pull the trigger fast enough on bringing in outside talent to fill a gap, realizing that even in that comment, that's almost a two-edged sword because bringing in outside talent, you might get the talent, but you don't have that tacit molecule of the organization.

(The VPD) is one (example of an hiring outside talent). When (PRES) immediately saw the need there, he had no problems going to the outside to get it.

Research Question 3

How do selected small businesses in Pennsylvania manage their talent?

Theme: A recruiting and hiring strategy targeted to fill short- and long-term human capital needs and to fill gaps through its workforce planning efforts.

When a corporate decision is made to hire, Company A will first post the position(s) internally to employees on either shift. If no one bids nor the right person found through an interview process, the search goes to external sources for labor.

Another recruiting source used is local career and technology schools where, for the last several years, Company A has built relationships and has hired a number of young, highly committed, passionate associates. Company A experienced limited recruiting success with area high schools. According to Company A's president, "A lot of high school teachers just aren't focused and wired for workforce preparation. Some co-operative opportunities through high schools have been helpful. We can teach the skills, and we do a lot of on-the-job training."

Company A has also developed and adopted several policies such as recruiting good talent by matching benefits of competing firms such as vacation days and a no-wait period on health insurance.

Representative statements from those interviewed:

PRES: We have a hiring and recruiting philosophy, and it really is a strategy, but it's not documented and spelled out on paper, maybe, the way you'd expect a strategy to be. We have learned over the years that our biggest hiring need is for highly skilled workers and workers who have the types of behavior and work ethic that will allow them to succeed in our culture. That's our biggest need, and most of them are oriented toward trade type jobs in our industry, production or craft positions. What we found is that our best recruiting comes from associate referrals, so we call that recruiting. **We have a referral bonus**.

We have bi-weekly huddles where the entire organization physically comes together to communicate business performance and upcoming events, those types of things. If we're in a hiring mode, one of the things we communicate is *what* those needs are and encouraging people to network with people that they think would be a good fit here. That has been our number one top recruiting methods.

VPA: Our operations type jobs, the ones that are vacated the most, we say we don't have a three-month, six-month, twelve-month cushion. It's generally, "Here's the need that we have, HR. Can you help us find somebody?" Now we have gotten better at trying to identify the right person, and we have worked, as part of our strategy to identify some people sources. We try to work much more closely with the (local) career and technology center. We have some great associates through the career and technology center. Now one of the things that we attempt to do if we can't find somebody at the (career and technology center) is revert to advertising." Targeting recruiting beyond that, we talk with our people about giving them referral bonuses, and they target somebody that they specifically know from their past life when they worked at competitors.

VPD: I would say having a (recruiting) strategy is maybe a bit of an overstatement. I think we do a better good job, though, of organizing ourselves around the short-term needs, and part of that whole opportunity for us to get better in this whole world of talent management is to be able to think about this more longer term. (The vice president of administration) has taken direct HR functional responsibility a year or so ago. He and (his HR assistant) have done a good job of nurturing relationships with the local career and technology schools. They have done some creative things around recruiting, and they're looking for ways to be more strategic.

But there are opportunities for us there and we know we need to get better at it. Most everyone will say they know about that. In fact, the HR assistant, did some data analysis last few months and it was 70 or 80% of all new employees we had hired in the past year were referrals. Also, we do some advertising.

LM: One of the things that HR has tried for the first time was actually using a temporary service, and we actually ended up hiring the person full time out of it. There's been radio ads, which was new for us. But the best hiring is word of mouth. Most people are referred, and we have a referral bonus program.

HIPO: One of the first ways when we're looking outside for recruitment is associate referral, word of mouth. I would say a large majority of the folks that work here have known someone here that has recommended that they check out our company. We also had a real neat program with our local vo-tech school. I would say at least a half a dozen of our associates out on the floor have come through vo-tech. That might be a conservative number.

Theme: Appropriate investments in education, training, and other developmental opportunities to help employees build competencies needed to achieve a shared vision.

Although Company A does invest in employee development, there are a limited number of instances when it has paid tuition for employees to attend training outside the organization. Some exceptions are with information technology programming and human resource staff as well as some executives. Opportunities to send production or craft workers for "training outside" are rather limited so Company A provides regular training to keep skills up-to-date. One of the more beneficial methods of developing staff is with the vice president of development providing a variety of in-house training programs for team coordinators.

Representative statements from those interviewed:

PRES: We certainly make investments. I hope they're appropriate. I hope they're the right ones. We think they are. We want to continue to grow in that area and

build on that. As we grow as an organization and progress, sure. I'm pretty happy with where we're at right now.

It's tough to find a spraying school or a sanding school externally. If it existed, we'd probably be all over it. **We have intentionally pursued opportunities with, for instance, the (local) chamber of commerce and our local manufacturing consortium.** Again, their focus is on lean manufacturing and continuous improvement, but we have involved people in those groups. We're not paying tuition, but we're participating, we're involved, **we're making the investment of travel. We've sent people down to Toyota in Kentucky** to the Georgetown plant twice. **We've traveled out to another company that we benchmarked very heavily. They're unique and an opportunity for us. So we do make those types of efforts and investments.**

VPA: We do have an educational reimbursement type program that can benefit an employee in those areas. We are challenging our people on a regular basis for what that next level of development looks like. For instance, **with HR, there are ongoing needs for making sure you're staying on our game from a legal standpoint, and we pay for that continued learning.**

VPD: We do not have a tuition reimbursement program or policy, but we do have a policy that says if we agree with an associate that this could be helpful to the company and to them, we'll pay for it. We do have handbook language that says we'll pay from time to time for seminars and classes and things like that. In fact, we do. So that's an area that we could probably do more in, but right now, I think it's appropriate for where we're at.

But our management people ... we go to conferences, we go to seminars, we go to trade association events, chamber of commerce events that all add developmental value. We buy a lot of books. We do engage people in book studies.

HIPO: Typically, I hold a team coordinator meeting twice a week. I have (VPD) attend one meeting, and we are actually going through a Toyota field book. We're going through a book study with those guys. We're picking particular chapters that apply to (like problem solving, sustaining), and we're working with the TCs at least once a week on that.

We might (refer to) a couple paragraphs we want them to really focus on. We actually have them go out on the floor, and the last couple weeks, they were bringing sustained examples back to me and giving a two-minute presentation on what the problem had been, how they were able to correct it, and what's in place to sustain that so we never have to worry about it again.

Theme: Workforce deployment appropriate to mission accomplishment and keyed to efficient, effective, and economic operations.

Much of Company A's development focus is on lean manufacturing efforts which is a very relevant tie-in to operational efficiencies. Leadership development is another key component of the organization's efficient and effective operational performance.

Company A does not have a corporate ladder, per se, that employees attempt to compete for ladder rungs, but it does create an underlying assumption that if an employee is going to grow and be valued by the firm, he or she needs to expand their leadership competencies. Company A is attempting to balance that sense with what an executive claimed as "a how do we value and how do we communicate the value of the tribal and tacit knowledge of the organization." In other words, for a craft worker to grow and be valuable to the company, must he or she be a supervisor, or can they add value on the plant floor?

Representative statements from those interviewed:

PRES: I think we maybe have not in the past taken a balanced approach to development in that we have emphasized leadership so much that while we have verbally said that we highly value the tribal and tacit knowledge, we have placed all of our emphasis and all of our development and all of our conversation around the importance of leadership development. That affirms what people already in many cases assume to be true is that the way you get ahead is to sort of move up the ladder of leadership in terms of position responsibility.

We have such a complex craft-oriented product that we need that tribal and tacit knowledge on the floor to succeed. One minor slip and we can have a whole custom (product) sitting in California that's the wrong color. It's those types of things that are so easy to undervalue. **Tribal, tacit knowledge is the key to our success**. It is an area I realized that we need to develop more. **So that will be sort of a theme in the next 12, 18, 24 months ... we'll focus on in our development efforts**.

VPD: Yeah. I think it has to be. In fact, we have very little margin for error. This is a pretty tight business. The margins aren't that great. If you screw up on the overhead, start playing around in the wrong sand boxes, you'll know it pretty quick. I think we're well deployed operationally on the things we need to be doing.

HIPO: I would think it is, and really it's part of our everyday functions. It happens every hour of every day almost. We have a very deployable workforce. In fact, that's how we're able to survive right now ... we can deploy to where the labor demands are at that particular day or even that particular hour.

Theme: Compensation system to attract, motivate, retain, and reward the people needed

to pursue a shared vision.

Representative statements from those interviewed:

PRES: I think it does. We have an intentional desire to be above market in our salary base and our wage base. Now defining what market is and what percentage above it you are can be somewhat subjective, but we do pay close attention to that. We participate in various surveys and studies done locally to try and make sure that we are competitive plus some if you will. **The real evidence is: are people leaving for higher paying jobs elsewhere and/or are you having trouble hiring the people you want to hire due to wages, and the answer there is "no," we have not.** So I think the answer to that question is "yes."

VPA: It is a challenge to know where you sit against those in your market. There are firms that will do surveys and publish information so you can say, "Okay, am I doing well situated against these other companies." **So we have found that our most beneficial means of getting that information is actually when we're talking to an applicant.** "What are you hearing? What are you seeing? How does our policy sit against somebody elses, or how does our benefits package sit against somebody elses?" From surveys that we read, it's so difficult to interpret any type of workable results because you've got to first ask, "Okay, are they actually comparing those in my industry; and if they're not, then are they actually viable candidates for someone who works in my industry?" Well, maybe they are.

VPD: Yes, I think it does. At the craft level, we have become very competitive. Probably won't be the highest paid person out there, but would be competitive. We have good benefits. We hear all the time that the benefit program we provide is solid. Everything sort of has to be measured by our industry and our community where we compete for labor, and I think we're well positioned there. I would say we're not the top, but we're probably in the top 30 for benefits and pay.

LM: The attraction, I think, of the Best Places to Work, that's definitely something that people have looked at. One of the things that we keep hearing and we know is that it doesn't matter what they're being paid, but if they (employees) feel like they are making a difference and if they like who they are working with, do they like their direct supervisor as well as the organization, that means a ton. And that can be as little as just knowing everybody's name, the basics.

HIPO: As we develop skills, I (Plant Manager) have the authority to authorize an interim increase. Say a gentleman might be seal sanding – and we talked about the development of a sprayer from within rather than hiring skilled – that associate would be trained in spraying and if he's proving himself, it's very likely that we would compensate him for it.

Every year we (Plant Manager) and HR also take a look at all the wages throughout the plant and compare those wages to the jobs, just in case anyone slipped through the cracks, and we make adjustments there.

Theme: Flexibilities, facilities, services, and work/life programs to help compete for talent and enhance employee satisfaction and commitment to a shared vision.

Company A maintains a philosophy that encourages an appropriate work/life balance and tries to facilitate it any way possible. The organization does not have a gymnasium, cafeteria or other amenities that would be found in larger organizations. Company A has instituted an employee committee that focuses specifically on wellness. An annual company picnic is provided at a nearby amusement park   The firm also provides scholarships to employees who wish to participate in a weekend retreat for married couples; the organization recognizes that healthy marriages create healthy emotional, productive people, and when those relationships break up or begin to dissolve, it affects the work place. An employee assistance program that provides clinical and

professional counseling is funded by Company A as well as hosting a corporate chaplain

on a more informal basis.

Representative statements from those interviewed:

PRES: The "want to/like to/some day" list is probably longer than the actual. **One of the things that we've benchmarked very heavily from Herman Miller (leading global provider of office furniture and services) is creating great physical spaces to work in. So we have quite a list of things we believe we can do to enhance our environment here.**

VPA: Never even thought about that one in the terms of competing for talent, recruiting, bringing in new talent. Have thought about it quite a bit as it relates to the talent that we have and keeping them satisfied and happy here.

One of the things, I guess, that my mind zeroed in right away is this work life program and the flexibilities there. **Over the years, I think we as an organization have gotten fairly good at allowing that type of flexibility predominantly for our administrative folk.** It becomes very difficult to figure out what that looks like in a production environment when everything about you says I need somebody on this line.

Some of the things that we have done is set up some technology to be able to do some work from home. I know that we've gotten some kudos and some points from people (employees who can work from home in certain conditions). Now moving it (work from home) over onto the operations side where it becomes very difficult is, again, that mind set, "No, they've got to be here. We need them here. I can't plan my production with these holes."

VPD: I will say yes. That's one of those areas – because we are very relational and people oriented—we all know that it's something that we probably could do better.

Some of the things we do – we'll support people in terms of schedule accommodation. We want our people to coach Little League. We want our people to be on the school boards. **We want our people to be engaged in the community. We want our people to engage in wellness and things like that. So if there are schedule accommodations, and they don't impede the process, we try to make those.** We'll partner with people in charitable causes. If you came to me and you worked for us and you say, "You know what, I really feel passionate about this cause and I'm putting forth this effort. Would you be able to match or make a contribution?" I can't think of a time where we didn't say yes to some degree. Those are all things that sort of round out the experience. I think we do okay with that.

HIPO: Attendance becomes the biggest cause of the need for flexibility. Mix of work also requires us to be flexible. We developed a rapid deployment team, which is basically the team has no home department. They are deployed as needed based upon those two requirements, the mix and the attendance. I only have four people on it, so we can't have six people call off and rely solely on the rapid deployment team.

Company B: Construction Company

Case Study Overview

Background

Founded in 1985 by its current president, Company B is located in south-central Pennsylvania and has emerged as one of the most respected general contracting firms in that area. In the commercial and institutional construction arena, Company B is well known for its ability to take on large, complex projects and complete them on time, on budget, and at the highest levels of quality. Since operations began, the firm has expanded its effective operating area to include central and southeastern Pennsylvania and parts of Maryland and New Jersey. The firm attributes this success to several factors, but foremost is a commitment to client satisfaction.

Company B's growing reputation for excellence, resourcefulness and responsiveness is intentional. It is a natural consequence of the values that have guided the company since its founding. Those values include an energetic enthusiasm for the profession, sensitivity to the needs of clients, a willingness to accept total responsibility for their work, and a craftsman-like pride in knowing that their work product will last for generations. While some in the construction industry might find the cultural attitudes old-fashioned, Company B believes the values are why knowledgeable businesses, organizations, and architects throughout their service region place confidence and trust in Company B.

In 2008, Company B employed over 120 people which included an experienced professional staff as well as a field force of over 85 journeyman carpenters, apprentices and laborers who are all focused on one goal: to provide construction services that exceed the expectations of their customers.

Organization Philosophy

Company B has consistently maintained a "passion for building buildings." According to corporate literature, "that passion is rooted in the sheer pleasure of overcoming intricate construction challenges as well as the sense of accomplishment when a project has been successfully completed. There is also a delight shared with the building's owner as well as with the project team members for a job well done."

Commitment to Responsiveness.

What is greater than Company B's passion for building is a dedication to the needs and desires of clients. While cost is always important, the firm recognizes that cost is only one factor in choosing a general contractor and that clients are also seeking sound project management, efficient coordination, and construction of the highest quality.

An Attitude of Accountability.

Company B assumes the duty to be completely responsible for all awarded construction projects. Because of that attitude of accountability, estimators, project managers and superintendents are experienced builders and hands-on managers who actively oversee all aspects of the construction from start to finish.

Being accountable for construction projects also means being responsible for subcontractors. Thousands of firms across dozens of building trades are pre-screened in order to select only those with the experience and abilities best suited to each project and at the best price. Subcontractors' work is carefully supervised to ensure quality while manpower is monitored to foster efficiency.

A Spirit of Pride.

At the root of the organization's passion for quality is a deeply felt pride in work completed for all clients. That pride extends throughout the entire company; construction is not only about management, but it is also includes craftsmanship.

Within-Case Analysis of Company B

Organization Structure

At the time of data collection, Company B had a total workforce complement of 149 full time employees. The organization also hires a varying number of interns throughout the year from high schools, vocational/technical schools, and colleges. The full-time staff serves in one of two distinct roles: in-house support and field workers.

The in-house support staff consisted of six divisions: construction management, business development, estimating, accounting, information technology, and administrative support.

The field employee complement of craft workers consists of project superintendents who have management responsibility at each construction site. Foremen direct smaller projects or teams comprised of lead carpenters who, in turn, supervise groups of apprentices, helpers, and laborers. The number of workers supervised by lead carpenters, foremen, and superintendents is dependent on the size of the construction project. Project managers work in the firm's headquarters and oversee the superintendents in the field and the construction support system to insure that a project remains on schedule and within budget.

Company B is considered a general contractor that performs an average of 15 percent of the work on a construction project such as pouring concrete for foundations and sidewalks and both framing and finishing carpentry. The remainder of the construction work such as electrical, heating/ventilation/air conditioning, and plumbing is completed by subcontractors.

Company B is also considered a merit shop or a firm whose employees are hired based on qualifications determined by the employer and not by a labor union. However, employees of subcontractors may be union members with nonunion and union members working side-by-side on the same project with no apparent ill will.

Human Resource Structure

Since the founding of Company B, a formal human resource structure has not existed. Human resource management responsibilities—payroll and insurance benefits coordination—have been shared by staff in the accounting department while other

human resource management functions for support employees—recruiting and releasing, compensation decisions, managing performance, and succession planning—have been performed primarily by the organization's president and exeuctive vice president. Some human resource functions for the field (trade) staff have been performed by the director of field operations.

At the time of this research, a human resource consultant had recently completed the research phase of an organization-wide strategic human resource initiative. Preliminary findings suggested that Company B may consider either establishing a formal internal human resource office or contracting work to an outside human resource services firm.

Selection and Background of Interview Subjects

The president, executive vice president, director of field operations (in the role as the human resource director), two project executives in the role of high potential employees, and a project superintendent in the role of a line manager were interviewed in August 2008. The president is the founder of the firm while the current executive vice president joined the company as a laborer soon after its founding.

Table 2

Background of Interview Subjects – Company B

Subject code	Gender	Job Level	Business unit
PRES President	Male	President	Executive
EVP - Executive Vice President	Male	Executive Vice President	Executive
HRD - Human Resource Director	Male	Director of Field Operations	Construction
LM Line Manager	Male	Project Superintendent	Construction
HIPO 1 High Performance Employee	Male	Director of Estimating	Construction
HIPO 2 High Performance Employee	Male	Project Executive	Construction

Research Question 1

How do selected small businesses in Pennsylvania develop strategic planning?

Theme: Clearly defined and well-communicated shared vision for the future, core values,

goals and objectives and strategies.

Since 1985, five strategic planning and goal-setting sessions were conducted in-house—without an outside facilitator—by high-level executives at weekend retreats. Despite little bona fide formal strategic planning and long-range goal setting, Company B has experienced corporate success because the founder and other long-term executives have inculcated their employees with these high-level operational ideals: *quality, client satisfaction, safety, teamwork, individual initiative, merit shop concept,* and *profitability.* But, strategically, the firm has not really planned them but has successfully capitalized on *found opportunities*.

At the time of this research, an internal strategic planning committee of 15 employees was working with an external business consultant who had recently completed the research phase of an organization-wide strategic planning initiative.

Representative statements from those interviewed:

PRES: It's time to do (strategic planning) again. We're doing it right now. We couldn't be clearer about it. (The new strategic plan) will be shared with everyone. We've just come off a (very strong) year which represents a lot of work; it stretched our organization; it showed some areas that could be improved and should be improved. It (2007 performance) also showed us that we are capable; that we are able to generate that type of revenue.

The strategic planning committee has been a great forum for people who have been here for 23 years to share values; to be specific about simple things like telling the truth; how hard it is to achieve customer satisfaction which is paramount. **And we're coming up with a great plan that had to be done** because I think over the past few years with the great economy and our taking advantage of it, we've been very opportunistic as opposed to planning (for it). We've been going to where we've seen opportunities— maybe not in the most organized fashion. Those things have raised a lot of questions internally, so we've been able to sit down and talk that through.

EVP: One of the things we learned about ourselves is that we've just been a very, very opportunistic company. But, strategically, we really haven't planned. We

engaged a strategic planning consultant ... she met with every employee. She attempted to attain employees' vision.

We'll have a corporate meeting where we'll introduce the whole plan (new strategic plan) and explain it to all employees.

I don't know that, as a new employee, you really get the vision statement. I think that's something we're really going to be strong on when we introduce our new strategic plan. I think it (mission, vision statement, values, strategies) is going to be part of the orientation so that everybody knows what we're doing and how we're getting there.

HRD: Up until this point it wasn't very well defined. We all had a general idea of it, but it wasn't defined like it is now. We are one of the few companies that's doing our strategic plan by having the entire company involved.

I am probably the most common link between management and the field, so when I go out in the field—which I do everyday—it will be partially on me to make sure I don't misrepresent the results of the strategic plan.

LM: Yes, I feel we communicate well through mandatory company meetings, state of the union meetings, and once the new strategic plan is down on paper it's set up to be shared with everybody. Project managers and (the president and executive vice president) make visits to the field regularly. And there's always stuffers in the paychecks keeping us informed of things. Different memos come out to superintendents to be posted. Maybe they (management) hasn't to this point communicated an in-depth strategic plan to the field as well as they wanted to and should have, but that's all the reason to get this new strategic plan out to everyone to have that goal to work for.

HIPO – 1: What we're doing now (formal strategic planning sessions) is the first time that we've done a structured strategic planning session in eight and a half years. **Because we're so focused on getting the jobs done (the nuts and bolts of the day) to actually switch to a more forward thinking mindset was pretty difficult. But by the end (of strategic planning meetings) everybody was in the mindset of trying to think more strategically.**

HIPO – 2: Prior to the current strategic planning initiative, I think that the message heard loud and clear was that the expectation for this company was to deliver a high level of quality, client-driven work; to always meet deadlines; work ethically; and perform at a level of commitment that exceeded the competition. Those were kind of the driving forces behind the way we did things. But as far as a very specific strategic plan, this is how we want to grow and this is where we want to focus ... that's all relatively new.

Theme: A coherent human capital strategy to steer an organization toward achieving a shared vision and integrate that strategy with an organization's overall strategic planning.

According to the president of Company B, he has resisted a formal human resource department because of the fear of a loss of personal relationships, employees concerns about his knowledge of them and what they are doing and how they are incorporated with the company. The president had never worked in a company with a human resource department and never had a human resource background. He did not have a complete and total sense of what a human resource department may or may not bring to Company B.

Traditionally, Company B been departmentalized with each department performing their own "deal;" there was not a lot of communication across departments. The executive staff realized that was not an efficient or effective way to operate. Company B began a transition by starting with department leaders getting together weekly to discuss "the state of the union" so that everyone could begin to plan ahead. It was apparent that, historically, Company B has been a "very opportunistic company" (one that took advantage of building opportunities when they presented themselves) and management was now learning the importance of being strategic. As Company B continues to grow and meet greater challenges, it is more difficult to maintain a "knee jerk" reaction and "rally the troops" to make things happen. "We've learned that through considerable growth in the last two or three years," explained a high potential employee.

Representative statements from those interviewed:

PRES: As a small business person, I have realized from day one that **people and their relationships with you (the employer) are paramount.** You can get computers, cranes, and bulldozers, but **you don't do anything without people**. **Human capital policies and practices? We have our personnel manuals and job descriptions, organizational charts, reporting chain, and goals**. I'm pretty satisfied with what we've done so far.

EVP: Yes. In general, one of the things that is part of our culture is a strong interest and appreciation for each other no matter what your position is in the company. We encourage our project management staff ... when they go out in the field ... to make sure they say hello to all the guys in the field and get to know them and carry on a conversation with them rather than walk by them. If you really want to know what's going on with the project, ask the guys who are actually there working on it.

HRD: I would say we had a lose confederation up until now instead of a really good strategic plan for our human capital. I think the strategic plan is going to force us to identify things and create a better path. I think we always had a good path. (Company B) has a reputation for appreciating its employees and providing training. Our goal is—when we hire somebody—we hire for the long term. If you're going to do that (hire for the long term), then you got to give the employees what they want. And besides good compensation today, they want to be well educated and well informed. Even though it wasn't a written plan until now, we pretty much followed that model but now its going to get down on paper and its going to be required.

HIPO 1:   One thing our firm definitely is improving on is strategic planning. Policies and procedures around here are slim to none, and I think it's that way by design. That way, (the President and Executive Vice President) like to keep this place very, very, very flexible. I think part of trying to keep it flexible is the direction we're trying to steer that whole group in. (The President) always says it's the big happy family which I completely agree with. It's "work hard - play hard;" definitely rewarded by your contributions. It's very hard to set very strict policies because its so individualized. **(Human capital strategy) is flexible by design which steers people to want to put in that extra time and you want to do that extra effort because you are going to be rewarded. If you want to be that line project manager, that's fine. But realize that is where your track is going to be.**

I try to groom some of them (other employees with growth potential). You see them coming in, and you know they're the future. Your mind is constantly thinking to try to groom them for moving forward and moving up and helping out in years to come.

HIPO 2: I don't know that we have a really strong system. It's something that we are conscious of and that we are improving upon. So "pre-construction" needs to be in communication with "estimating" (department) so "estimating" can plan their resources appropriately. "Estimating" needs to be in communication with "construction" (department) so "construction" can make sure they have the people in place to handle what's coming up the pike for them. So we're improving upon it.

Research Question 2

How is organizational alignment operationalized

in selected small businesses in Pennsylvania?

Theme: An explicit workforce planning strategy to identify current and future human

capital needs.

When the president founded Company B, he had a vision for the business, and

since then he has been the driver—with assistance from the executive vice president—of

the majority of its growth and what the company is today. Company B is attempting to

develop several systems to share the strategic planning and the burden of growth—how

and who to hire as well as determine where people are really needed. Workforce

planning is fairly new to the younger leaders.

The president of Company B also said that in its field operations, the organization

is constantly combing entry-level field personnel seeking those with an interest, desire,

and commitment to the industry by demonstrating an interest to begin an apprentice

program.

Management staff members are in constant discussion about current manning requirements and looking six months to a year ahead attempting to determine if the right blend of carpenter apprentices exist in the trade forces.

Company B's president is speculating on another concept that may contribute to future growth—whether or not they will be able to hire experienced people who are looking for a mid-career change and integrate them into Company B and make them productive. Executive thoughts are that with their experiences, they will be able to produce more and sooner than traditional young, raw material (employees). Finding and developing those people are key.

Representative statements from those interviewed:

PRES: It is the project management's responsibility to constantly review the performance of individuals on the project sites they're responsible for. As tasks of a higher degree of difficulty are assigned to the people and they are successful, they are watched and put on an inter-company watch list. They (field staff) are watched for everything from regular work attendance, appearance, conduct, and presence. Project management makes recommendations at regular weekly meetings; when the need arises, that person is advanced into a leadership role.

From the office side, we go to five or six career days at universities. Our entry level estimating and construction department personnel have already demonstrated by their actions in college an interest in this industry. Once they're brought on board—and we spend a lot of time with them ... we really appreciate their efforts. This company has had very little success in developing mid-career people. Don't know why ... don't know if it's the (company) culture. But when we've had the opportunity to get the right kind of raw talent with the right values, work ethic, the discipline, the tools ... we have more success.

EVP: Currently, we have that on a short-term basis, but we're finishing up our strategic plan, and by the mid to end of September we expect to be able to foldout the plan and let every employee see it. We engaged a strategic planning consultant and she met with every one of the 150 people. There were some employee satisfaction questions; she tried to attain what the employees' vision was.

HRD: What we really want is a fully rounded carpenter. We don't have departments and teams. We don't have a framing team. We don't have a finish team. We don't have a concrete crew. The guys that are most valued—and the guys I like to have more of—are the guys that are well-rounded who can go and do everything at any time. I call them utilitarian carpenters. Because at any given time I need more trim carpenters, I need more concrete carpenters. It's never uniformed. It's never if I <u>can</u> have the flexibility in moving just about anybody, obviously that's what we want.

LM: (The Executive Vice President) has recently asked project superintendents to give their opinions on which foremen should be promoted to superintendent; who we think is aspiring and deserves to be promoted to superintendent. Several of the superintendents worked with me as my assistants or foremen.

HIPO 1: Yes, we are constantly planning. In a construction business, it's very, very hard to plan. One of our biggest problems is projects—when they're starting and when they're stopping—and trying to align the team of people (mainly the project managers and the superintendent) ... is the biggest challenge ... trying to get that right mix on that appropriate project. We (the Executive Vice President, another project manager) and I meet weekly and constantly try to plan for when a job will stop and another one will start. **So the planning is there.   It's difficult because it's constantly changing. But it (workforce planning) is always being thought of.**

When it comes to the field forces, every Friday we have a Project Managers meeting. Every guy in the field is discussed ... what job he's on and what's coming up and if they may have to be shifting. Moving folks around and planning both from the office responsibilities and the field responsibilities happens weekly.

HIPO 2: We have a very top down leadership style. We haven't fully embraced technology ... we don't have the best infrastructure as far as systems, but we've always managed to be very, very successful. Our people are willing to just get it (the jobs) done ... roll up your sleeves and get it done. I think as we grow, we're learning that we need to improve upon and build some efficiencies. We don't have a human resources department, but if you have a question on healthcare or your 401K, or your vacation time, you may not know who to go to. Somehow we manage to cover it and get it done but we don't have a dedicated human resources staff.

It wouldn't be uncommon for (the President) to come back and say "I got a guy I want you to interview. I think we need to add a guy to your department." There was nobody else (except the President) thinking that way or thinking ahead or thinking what's coming down the road.   It's all part of the strategic plan to better utilize our people and get more off of (the President's) plate and try to better utilize the rest of us.

Theme: Reliance on human resource professionals to contribute a human capital

perspective to a broader strategic planning process.

The human resource development director is a member of the strategic planning

committee, and by virtue of his role, his input is sought and respected by the president,

executive vice president as well as the vice president of business development.

Representative statements from those interviewed:

HRD: Human resources is a hot topic right now.   I deal almost strictly with the field; HR issues in the office usually go to department heads.   The EVP and I started a dialog with a human resource professional company (recently) to decide if we're going to out-source the human resource function or make the decision to jump in with both feet and hire a human resource person. **We finally decided we are the size and the complexity that we have to put more effort in that department.**

Theme: Reliance on human resource professionals to provide integrated mission

support, participate as partners with line managers, and reach out to other

organizational functions through facilitation, coordination and counseling.

Representative statements from those interviewed:

PRES: We tell a manager we want to put out X amount of estimates this year; that's your mission to carry out to get us to our overall goal. HR would support him—whether it's HR as a department or with our modified HR structure. When he comes back he may say "we don't have enough people; you need to start looking" or "the people we have need more education." It's me looking at the monthly financial statements, to listening to where the customers are ... are they satisfied? If I want to get (this company) "beyond," I got to help this employee reach his assigned goal.

EVP: Currently we have a director of field operations who hires and generally maintains the whole field (hourly craft workers) structure. We have a person on board who processes the health benefits.

HRD: The human resource aspect is a hot topic right now because I'm a reluctant human resource guy. I'm not a true blue HR person because I deal almost strictly

with the field. Any human resource issues here in the office ... usually (the employee) just goes to their department heads.   (The Executive Vice President) and I started a dialog with a human resource professional company recently. We have to decide if we're going to outsource our human resources or hire a human resource person. We finally decided we are that size and that complexity; we got to put more effort in the (human resources) department.

HIPO 2: Workforce planning starts with (the President) followed by (the Executive Vice President) and then directly to (three Project Executives). That's the group of people taking the pulse on our staff and trying to measure whether we have adequate staff. Is the team overwhelmed? Are we achieving our goals? Do we need to change the way we are doing things? Or do we reassign ... realign? I don't think we are perfect at it, but we are definitely improving.

Theme: Reliance on human resource professionals to lead or assist in workforce planning efforts and developing, implementing, and assessing human capital policies and practices to help an organization achieve its shared vision.

Company B's development, implementation, and assessment of human capital policies and practices start with the firm's president followed by the executive vice president as well as three project executives. Those are the key executives who are "taking the pulse" of the field staff, measuring the adequate size of staff and determining if the organization is achieving corporate goals.

Research Question 3

How do selected small businesses in Pennsylvania manage their talent?

Theme: A recruiting and hiring strategy targeted to fill short- and long-term human capital needs and to fill gaps through workforce planning efforts.

For craft workers in the field, Company B does not advertise in the media but rather relies on word-of-mouth and employee referrals. Company B will hire crafts people even if they are not currently needed because a need for their skills would exist in the near future. If they are good, the firm will provide meaningful work for them until they are needed on a jobsite. The recruiting and hiring strategies for those who work inside in support positions are different because the recruiting network is larger for management and professional employees. Company B focuses recruiting primarily on college career fairs and hiring interns. Contracting with headhunters and advertising in the media for management staff has not resulted in successful hires in the past and are not currently used.

Representative statements from those interviewed:

PRES: We may have to go back and rethink our strategy because my guts tells me we probably can't get to where we want to go if we're going to wait on the six, seven, eight year process that it takes to get a young person out of college and get them strong and competent to where they can go out and get us into bigger and more sophisticated projects. To wait for them to mature in this business, I don't think we'll have the time.

EVP: The next step (in the strategic plan) is putting all the people into play because there are new positions we need to fill. Once we develop the strategic plan and finalize the budget, then we'll find and or develop the human capital to fill those spots.

In the field, we recruit from the local vocational-technical schools. Our best recruitment comes from our existing employees. They've been great at making recommendations for us ... getting their buddies who might be working for someone else. That's where we've been most successful. **We do not advertise in the paper.**

We don't want an intermediary between us (executive staff) and our employees. I still know every single employee in this company; I know most of the wives and most of the kids. I don't want a broker (HR person) in between me. It's always been very important

to (the firm's president) and me to make sure that you have a strong relationship with the field employees as well as with each other here (in the office).

Most of our superintendents started for us as carpenters. We have project managers that were in the field who are now in the office. Our director of estimating started as a laborer here. I (EVP) started here 23 years ago as a carpenter.

HRD: Yes. On the project management side, (two Project Executives) find and attend job fairs at universities and trade campuses for project managers.   I am on the carpentry trade advisory committee at (a technology college).   I am also on an advisory committee at (a career-technology school). I'm looking for the student athlete who may not have been a starter ... may not have been a superstar but he came to practice everyday.

LM: Everybody knows that if they know someone who they think would make a good employee to bring them to the company. Other than that, we (Line Managers) don't get involved in recruiting. (The HR Director) and (all of the upper managers and executives) make annual trips to Penn State, Ohio State, Penn College of Technology and find interns for Project Managers. **There are programs in place for recruitment. We get good people. I'm aware of recruitment programs, but I'm not directly involved with it.**

HIPO 1: What has come about in the last three years ... (two Project Executives) have been the proponents of the majority of recruiting. (They) are responsible to go to all of the career fairs in the areas. We target specific universities—Penn State being one of the biggest. We spend an enormous amount of time and money up there trying to foster that relationship with the architecture engineering department and acquiring interns and new hires. We're both pretty young guys and we do a little hanging out with them. It (recruiting) doesn't get the time it deserves. So that's another reason for a HR person now. She or he probably won't be the one going to those events, but they will definitely help us through all of the homework before we get there. Just in the last year we really tried to put a focus on going to all of these different career fairs. We've even gone to a couple of high schools last year. We would go in and talk about what construction is all about ... just trying to get our name out there and promote people to go into construction.

Theme: Appropriate investments in education, training, and other developmental

opportunities to help employees build competencies needed to achieve an organization's

shared vision.

One of Company B's immediate objectives is to conduct more in-house education. Currently the firm conducts quarterly seminars for field employees. To encourage everyone's participation, employees are rewarded with a nickel an hour raise. Employees can add twenty-cents per hour per year to their pay by simply participating in four seminars.

Company B also pays tuition and books for field staff who attend four-year apprenticeship training. Since the training classes are held over one workday per month for eight months, Company B aims to provide them with eight hours of work outside the normal working hours or on the weekend, so that every employee has the opportunity to work a full 40-hour week. In the event that work is not available for an apprentice desiring to achieve his 40 hours, Company B pays that person for a full eight hours of work.

For support staff employees, tuition is paid for estimating, scheduling and accounting software training. Also, there is a corporate commitment to stay current with cutting edge technology and software technology. Company B's philosophy is to set people up for success and provide them with every available tool and corresponding training necessary to utilize those tools to their fullest.

Representative statements from those interviewed:

PRES: I feel like we do. Particularly in the last few years we are very strong at making sure all our professional people have the appropriate software training for the systems that they are using to support their endeavors.

EVP: Some other feedback we got (from the strategic planning meetings with employees) was that they really enjoy the education we give them and they want more. We need some more structured in-house education for the office. We put much

more of a focus on the field staff. Until now, our office has been small enough that managers can share their time with others (in an on-the-job training scenario). **But as we've grown, I've started to recognize a need for (more training).** Now (the construction systems manager) is on staff for specialized (and on-the-job) office training when required.

HRD: Yes, we do now. With the new strategic plan, we are going to emphasize it more. We're getting into some pretty dedicated computer (software) programs, and they (specified employees) need training, too. (Company B's) philosophy is if you want to be successful you got to manage success.

Within the ABC (Associated Builders and Contractors Inc.), the carpenter apprentice program requires apprentices to do 144 hours of classroom work a year and documented 2,000 hours of on-the-job training a year and a total of 8,000 hours of on-the-job training to graduate (from the apprentice program).

LM: We have craft seminars. (Company B) pays the guys for being there and gives them a small raise ... in addition to their yearly raise ... just for attending the seminars. (Company B) has to pay some of the speakers and teachers at the seminars. We participate in the ABC (craft) competitions that we invest in sending guys to. This year (2008), we had the Gold Medal winner for the ABC National Championship. He and his wife had a fully paid (by Company B) trip to the competition.

We also invest in the time spent on the job site teaching apprentices. Everyone who comes to the company in an entry level has the opportunity to go to the ABC apprenticeship program. It costs a good bit of money for the company to send them (to ABC training).

HIPO 1: There are no strict policies, but I've never heard anybody being denied going to any type of classes or seminars if they wanted to go. They have to prove its work related. (Company B) spends an enormous amount of time training our guys.

If our superintendents want to put on their own training seminar there's a dollar amount they get for putting it on. (The instructors) are graded, and the dollar amount increases based on their (superintendent) grade.

Theme: Workforce deployment appropriate to mission accomplishment and keyed to

efficient, effective, and economic operations.

For Company B's project workforce, each project is assigned to a project manager who oversees Company B employees as well as manages all subcontractors. Project managers meet every Friday and discuss manpower needs, and they make appropriate manpower adjustments. The director of field operations (HRD) shifts manpower daily. Constant discussions occur about the make-up of work teams and who is responsible to address a particular project. Those tactical decisions are most interesting because one individual could be on multiple teams and each team will not have the same members. Management's charge is to be weighing everyone's responsibility to insure that teams are successful.

Representative statements from those interviewed:

PRES: Here is how a small businessman develops his human capital. He gets so much work that you have to keep on pushing guys up from behind into higher and higher roles and responsibility. It's always exciting to see someone evolve and develop and get in the position where they can command a role of authority and direction. **It's from running a project to running a department to running a division to running the whole company**

HRD: I would say nobody does that better than we do. (A representative of ABC Inc.) told me the difference between (Company B) and all other general contractors is that we have a solid connection between our office and our field. (With) most companies, there is a division where the field doesn't trust the office. **But here, (Company B) has a very solid connection where the field (employees) feel that they can go to the office for their needs. I think that allows us to know our people and get our people where they're needed. I attribute that to (President's) personality as the "front guy" and (Executive Vice President) just fits into that like a glove. He has the personality that people want to approach him.**

LM: We know many self-employed carpenters. At any given time, we could have fifteen or twenty of those guys working for us. So we have resources when we get really busy.

HIPO 2: Yes, definitely in the field. A more skilled workforce delivers a consistent level of quality and in a timely manner. We want to have the best quality product in

the marketplace, and we want to deliver it on time. There is a commitment to never ever come in "brick-delivered" projects late. And it's never happened. Our projects always come in on time. It's important to us, but it's not important to some of the competition. Nobody wants to be that first guy that doesn't bring a project in on time.

Theme: Compensation system to attract, motivate, retain, and reward people to pursue a shared vision.

Company B subscribes to a comprehensive national construction industry wage information system (PAS) that provides a survey that divides the United States into quadrants. The goal of Company B is to stay in the top 75 percent or higher in the pay range in the northeast quadrant. Additionally, there are specific documents Company B executives review regularly—prior to annual reviews—that help them understand where the area market is and assure that Company B is not falling behind in providing competitive compensation. According to the president of Company B, "For the right people, I think our energy, our swagger, our outcomes, our attitude, our combined personalities have had a lot more to do with keeping people happy than the pay. However, I want our people paid well. Being financially strapped is not going to make a happy worker."

Representative statements from those interviewed:

PRES: An employee who is really outstanding in their performance will get a discretionary bonus at the end of the year when the executive vice-president and I go over bonuses.

EVP: I think so, yes. We don't have very much turnover. We keep a handle on how people are compensated through PAS. I think we are above average in our compensation package. I think what makes us most attractive to people is that they feel like they're a part of the team.

HRD: Yes. That's part of my duties for the field (workers). I don't know about the office, but we subscribe to PAS (a company that surveys wages and benefits nationally, regionally or statewide). We get their surveys and we participate in their surveys, and we try to keep ourselves in the top five percent in their various categories whether its compensation or different benefits. **If we have a high performer out in the field, he is rewarded. Taking my cues from (Executive Vice President) ... usually the way we like to recognize someone who is really giving a heck of an effort and being very successful, I'll send them a letter and invite them in here for a review. (I) have the flexibility to give them extra vacation time.**

LM: We pay a good wage. We have good benefits. I believe it's safe to say that everyone in the company gets a bonus. We get a tool allowance every year. The vacations are good. I think that within the county, (Company B) is seen as a place that a lot of people would like to work.

HIPO 1: I know in my heart that if I work my butt off, I will get rewarded here in a number of ways. It's not always getting that extra dollar; it's not always that little bump (up). (Company B) has treated me like a king here. We are comfortable in our (compensation) package. As far as the base line package, I would say we are "dead on" compared to other companies. One thing I learned this year ... which I think does influence recruiting ... we do have interns as a paid position. I interviewed all the interns that I had this year and found out that we were paying substantially less for an intern here than elsewhere. So we budgeted this year to make sure we're on par with where things (intern salaries) should be.

HIPO 2: I think that our people are well paid. We are always looking for the best quality healthcare, dental and vision coverage so we can provide for our people ... workers' compensation, 401K, vacation. If you're sick, if you're injured, a family member has an emergency, if you need to take time off, if you need to go to a doctor appointment ... it's not a big deal. You're not going to get docked pay. You just go take care of your responsibilities and as soon as you're done you come back. I think people appreciate that. I think that it's offset by the fact they work so hard the rest of the time, but you don't need to worry.

Theme: Flexibilities, facilities, services, and work/life programs to compete for talent

and enhance employee satisfactions and commitment to the organization's shared vision.

Company B's rapid growth is deemed as an aid to attracting and retaining people.

Employee benefits are attractive; project managers are provided with a cell phone and a

company car. There are many employee and family social functions throughout the year.

Every employee (including interns) and their entire family is invited to the company

picnic and Christmas Party.

Representative statements from those interviewed:

PRES: Flexibility ... **we will NOT go to a four-day work week. We will NOT go to work at home. We will stay together as a team. We will work the same hours our clients work so that when our clients have needs, we can respond.** Facilities ... the office are pretty luxurious; there's always ample room to read plans. Computers ... we're all going to bigger screens and multiple screens. **Yeah, I think we give them nice facilities to work in. Services ... we've given them wellness programs. We have an employee assistance program. Work/life programs ... we're pretty social. We have picnics; we have parties; we haves holiday parties. How do you place a value on hanging out together?**

EVP: We're a pretty festive group ... we have company Christmas parties and picnics with around 77 percent attendance. We have a shotgun shoot for the office staff and the salaried superintendents. We have company fishing trip. We try to do things with our employees on a regular basis so they know they're part of the operation. We put out a quarterly company newsletter so everybody knows what's going on ... to keep them in touch.

The Best Places to Work in Pennsylvania is basically an employee satisfaction survey. We have a tight family-type atmosphere.

LM: We have a lot of good equipment. We have the equipment we need.

HIPO 1:   This place is extremely flexible.   There's very few hard and fast rules and even hard and fast rules are not hard or fast ... which I love. I think some of the things here that were attractive ... you get a lot of responsibility here which obviously some people enjoy ... and some don't ... but as a project manager here you really feel like you almost own your company. **You're responsible for absolutely everything on that project.   I think those who really want to be involved and want to be in the business really enjoy that.   I know I love it ... I couldn't believe the responsibility I was getting which was an attraction for me.**

HPO 2: To go into some more detail of that family atmosphere—which I think is a big part of this—everybody brings their families and their kids. Most of the events are for the entire company. Our reputation in the community is a result of their skilled craftsmanship ... so they're respected and appreciated. Every opportunity that we get, we

make sure that they know that. **If they (field workers) don't (know they are appreciated), then we need to change immediately because they are very important. (When I was in the field) I just always felt (the President) and (the Executive Vice President) had an interest in me. They made a point of coming out to the job site ... not to raise hell and change the way things are going ... but to ask guys how they're doing ... how's their family ... what's new ... and kind of touch them and feel them and shake their hand. It (appreciating employees) is something that we are very conscious of, and, as we grow, we never want to lose that.**

I think that (the President) is identified as the leader of (Company B) ... the face of Company B) in the community. I think that has its pros and cons. I think the community worries about what will be the future of (Company B) when (the President) leaves or retires at some point.

Company C: Agricultural Feed and Service Company

Case Study Overview

Background

Company C is a family-owned and operated organization that services the Mid-Atlantic region as a major supplier of poultry and swine feeds and provider of allied pullet, nutritional, laboratory, environmental, flock management services as well as egg marketing. The firm began as a hometown grocery store and now operates six mills in five central and south-central Pennsylvania counties in addition to one in Maryland. In business since 1944 and incorporated 4 years later, Company C has grown to become one of the most comprehensive agricultural feed and service companies on the East Coast. By the early 1960's, Company C expanded into poultry and swine production, eggs, and pullet growing.

The agricultural services provided by Company C include:

- Quality feed manufacturing and delivery
- Custom feed formulation
- Flock production record system
- Egg marketing
- Pullet growing
- Flock service and management
- Environmental compliance assistance
- Laboratory and sampling services

Company C is ISO-certified in Quality (ISO 9001:2000), Environmental Management (ISO 14001:1996), and Occupational Health and Safety (OHSAS 18001:1999).

 Mission Statement

Company C's mission is to better serve agriculture with insight to the changing needs of their customers, those with whom they work, those who serve Company C, and the communities in which they operate.

Vision Statement and Six Initiatives

To continue to grow as a company.

Stewardship Initiative.

We will continue to be a leader in all aspects of stewardship—managing our business with the proper regard to the rights of others.

Learning Initiative.

We must continue to increase our knowledge as individuals and as an organization. We need to develop leaders as a part of our culture to be able to take (Company C's) expertise to the next level of excellence.

Quality Initiative.

We must embrace quality in all that we do—the products we sell, the services we provide, and the relationships we maintain.

Relationship Initiative.

Success starts with strong professional relationships with employees, customers, vendors, and the community. By forming alliances, we fortify the food chain and develop relationships that will give us a competitive advantage in the future.

Innovation Initiative.

Company literature states, "Innovation permeates throughout all initiatives. It is embedded in the very DNA of the company's operations and culture as part of normal day-to-day operations. Innovation is about people. It is a group process. It feeds on interaction, information, and the power of teams."

Financial Initiative.

Company C must continue to be financially sound and to put faith in people rather than in the dollar.

Within-Case Analysis of Company C

Selection and Background of Interview Subjects

The president and chief executive officer, corporate secretary and chief administrative officer, human resource manager, corporate communications coordinator, transportation supervisor, and two feed truck drivers were interviewed in August 2008. The chief administrative officer oversees both the safety and human resource functions.

Table 3

Background of Interview Subjects – Company C

Subject code	Gender	Job level	Business unit
PRES President	Male	President and Chief Executive Officer	Executive
CAO Chief Administrative Officer	Male	Secretary and Chief Administrative Officer	Executive
HRM Human Resource	Female	Human Resource Manager	Executive
LM Line Manger	Male	Transportation Supervisor	Transportation
HIPO 1 High Potential Employee	Female	Corporate Communications Coordinator	Sales and marketing
HIPO 2 High Potential Employee	Male	Truck Driver	Transportation
HIPO 3 High Potential Employee	Male	Truck Driver	Transportation

Research Question 1

How do selected small businesses in Pennsylvania develop strategic planning?

Theme: A clearly defined and well-communicated shared vision for the future, core values, goals and objectives and strategies.

According to Company C's management, the organization's mission is to serve agriculture through three groups: (a) the agricultural community, (b) vendors, and (c) their employees and communities in general.

Company C communicates regularly with stakeholders in numerous settings. The vision, core values, and goals are often written about in the company newsletter as well as a biweekly "state of the company" publication distributed to every employee. Both publications are provided in printed form as well through e-mail. The vision and mission statement are also framed and displayed in every location and are referenced in various meetings.

Representative statements from those interviewed:

PRES: Regarding corporate goals, we have a corporate scorecard that every individual—from myself down to the line employee—is affected to the same percentage degree of achievement based on the accomplishment of those goals.

Our trademarked slogan was "Quality Feed for Quality Food." So by adding the word "providing" to our slogan, **our new mission statement became "Providing Quality Feed for Quality Food." Now the mill employees and truck drivers can say, "Hey, I'm providing quality feed." Purchasing, customer service, everybody would be able to buy into that.**

CAO: In regards to our vision, our vision has been "to continue to grow as a company." We're thinking of taking "as a company" off and just take "continue to grow" because growth means many things, and this, I think, is how we need to

effectively communicate that to our employees. We're looking for professional, individual growth, and for us to be successful, that is what we need to do, as well. We need to drill that down and tell individuals exactly what we mean by that.

In regards to communicating what our mission was, I think we've done a good job communicating the mission statement, but I'm not sure we were very successful in communicating the importance of what we do and how. We feel we're in a noble profession—agriculture—because, in a sense, we are feeding the world. And for our employees, what we want to do is focus on a very simple, direct statement: Providing quality feed for quality food.

Theme: Coherent human capital strategy to steer an organization toward achieving a shared vision and integrate that strategy with an organization's overall strategic planning.

Company C leaders engage in strategic planning on an annual basis. Managers are asked to update their strategic plans and submit them on each August 1st. If questions arise after plans are reviewed, the manager will sit down with the president and talk about the plan to insure alignment with corporate plans. Following the individual reviews, the management team shares highlights of each strategic plan; every manager will receive a copy of everyone's strategic plan. The human resource department must know what operations is planning in order to provide for sufficient staffing and training.

Representative statements from those interviewed:

CAO: I think we have a challenge that a lot of organizations do, and a lot of times strategic plans seem to be focused on the first one, two, or three years, and that's getting harder and harder.

HRD: I would say that overall, yes, the organization does have a clearly defined and well communicated vision. I believe that at the management team level and the employee base at large, there is a solid understanding of what the vision and the mission is. People could probably describe it, but it's not easy to recite. So we're looking to make it more clear and concise, maybe more inspiring. So **I think that it's**

good, but we are seeing the need to improve it, but it is widely communicated in terms of being visible and referred to. I have no doubt that at the line employee level, it's much less clear than at the executive level, somewhat proportionately, but I don't think it's absent from their daily work.

HIPO 1: I would say "yes" with a caveat. They tend to change things around a little bit and I think there's some confusion because we have a mission, vision, and benchmark. They're actually on the posters we have. So they're communicated fairly well. The vision has – this is an old version – the vision has actually six initiatives, and you have print pieces, too, as well as these posters. **Then we have a scorecard, which is where our bonuses are based, and I think that with the vast majority of things that we have, it makes it a little awkward for people to understand. It's my job to communicate it, and I feel like it's not quite understandable.**

LM: Yes. We have a mission statement, vision statement, and the objectives posted everywhere for employees to see. It's discussed in driver meetings as well as in individual meetings with drivers who want to improve themselves through classes or other training. I think you see it manifest itself in those areas primarily. But I think you see it most regularly in how we conduct ourselves in doing business.

HIPO 2: Yes. Their mission statement is continually brought up in company meetings and small signs in the trucks ... a daily reminder. The vision for the future is brought up daily, where we want to be in our ten-year growth plan. Not everybody buys into the culture, and they should direct their interests elsewhere. But it's very open here for education based on managerial skills to further your employment here. The president and others speak at our meetings to let people know where the company is coming from and moving toward.

HIPO 3: Yes, I feel they do very much. Every couple of months we have drivers meetings. We also have a new scorecard system that gets posted in break rooms and the mills that lets us know exactly how each department is doing ... where it's good and where things can be improved. They do a good job in letting us know where we're at and this is what we want and this is what we have to do to get there. They publish the scorecard to everybody. And we know where the company wants to be. I don't think everybody takes the time and care to read it (scorecards). I do what I can to help out ... to make it better. That's not everybody's same thoughts.

Research Question 2

How is organizational alignment operationalized

in selected small businesses in Pennsylvania?

Theme: An explicit workforce planning strategy to identify current and future human capital needs.

Company C maintains a semi-formal approach to succession planning. Executives have identified individuals in every department who have the potential to grow and develop and possibly assign them to positions. Succession plans have been established for the executive level, but Company C has not been as effective in succession planning for the operations business segment.

Regarding the manufacturing function in Company C, the production supervisor maintains a list and periodically sends it to human resources stating his human resources needs which are usually more immediate needs than long-term needs. The same process applies to the transportation function.

Representative statements from those interviewed:

PRES: We run our trucks 24 hours a day, and there are always two drivers per truck. Vacancies will show up in the night shift because that's where people start. They'll see one, two, three, or four vacancies. So from the line employee point of view, that gets done monthly. **From the long term I would say behind the scenes, we identify who might move into what positions, but I think there are a number of positions that if the person would leave today, we wouldn't be ready with that next person coming along. And with some of them, we've identified that the person will probably need to come from outside the organization and not inside.**

CAO: One of the things that we are undertaking as our organization continues to grow is to assess what defines a competent manager. To start that process we established core competencies and we've identified seven core competencies that we'd like our managers to have, and we've shared those and discussed those with a training session with our managers and basically got buy-in from the management team. So now that we've identified what these core competencies are, where we are ... so we're in the process.

HRD: There's a lot of integration of one department's plan with another, whether it's as fundamental as the manufacturing area anticipates growth, well, they

probably learned of that from the field area, and to support that, it's gonna require human capital. In many ways, it could be in terms of your basic staffing need, or it could be additional training needed to support the skills. I think obviously from a human resource standpoint, we have appropriate policies, programs, benefits, and those kinds of things to support it.

Theme: Reliance on human resource professionals to contribute a human capital perspective to broader strategic planning process.

The Chief Administrative Officer (formerly the Human Resource Manager) of Company C sits on the executive committee while the current Human Resource Manager is a member of the management committee. Both individuals provide input on every proposed project to consider (a) what is going to be the impact on our employees, (b) what are the needs, and (c) what must be accomplished to help staff prepare for a proposal from the headcount, training, and employee competency perspective.

Representative statements from those interviewed:

CAO: I think I'm close enough in that I have excellent communication, I can share HR's view or bring some of its concerns back to (the HRM) and share with her.

HRM: HR is very involved in strategic planning in the organization. In my whole experience at (Company C), HR has always had that proverbial seat at the table. (The CAO) is a direct representative of the HR area as an Executive Committee member. I am one of ten managers on the management committee involved in strategic planning.

We get to offer into that executive level and how it will affect employees here. I think that, first of all, being "at the table" sets the bar a little higher at that point. A lot of our programs have been designed to—as much as we can being a privately owned company—share the rewards of successful performance. We have set up various incentive bonus structures for all the employees.

I think along the lines of human capital, we set up various employee groups, which I think are examples of human capital, to offer input into the organization.

Theme: Reliance on human resource professionals to provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination and counseling.

Company C encourages all managers to coordinate as they write plans—not just with HR—if there is a need to interact with other departments. A scenario described by the president, "So if manufacturing said, 'We're going to build a new mill, and we need to have 15 people there,' they need to go to human resources and let them know that they're going to need 15 people so that human resources doesn't pick up the manufacturing plan and say, 'Oh, my goodness, you need 15 people. I didn't know that.'" Management also encourages department heads to meet unofficially and discuss future plans. Departments must interact with HR in any case involving personnel headcount or training.

Representative statements from those interviewed:

PRES: Counseling – every new employee is told that obviously their first line of communication should be within their chain of command, and we encourage them to. If they're not communicating well with their immediate supervisor—go with their immediate supervisor to his supervisor, and there'll be no repercussions. And the other is **if (employees) ever feel there's something that they think they need to talk about, but they don't feel comfortable doing that with their immediate supervisor, we remind them that they can go to HR. We have an outside program where they get several counseling sessions for free.**

HRM: A lot of the role that HR plays towards that is – we're, in many ways, a go-between, I think. Some of it's formal, some of it's informal. Some of this is from the standpoint of – maybe ultimately we'd prefer the individual managers or supervisors to take a stronger role, but when that's not happening, and it sounds very policing, we'll be stepping in making recommendations and observations. Or if a manager comes to us and says, "Here's the situation we're seeing unfold," pertaining to any of these things, then we're very involved, to the extent of hiring and firing decisions, or training, counseling employee relations, discipline, depending on a situation.

LM: I asked (a HIPO) to develop a schedule that we could implement to meet our corporate requirement but would also be attractive to the drivers. He came back to us with an extremely innovative schedule that was also popular with the drivers. I get my best information from the people who are doing the job. **I always rely on the drivers to give me their feedback about what I feel would motivate them.**

I took two drivers in whom I saw leadership potential and started training them in lead roles and responsibilities and how to communicate with people and identify with drivers on a level where they feel they weren't being talked down to.

I'm always firm believer in preparing somebody to take my position. I'm never threatened by that. I also like to surround myself with people who I feel are smarter or more capable than me. It motives and pushes me.

HIPO 1: Well, part of that sounds like what they do in the Management Committee. The Management Committee is the head managers from every department; when they meet they'll often communicate the goals.

HIPO 2: Company C is one of the most structured and goal oriented company that I've ever worked for. The future is here for the ones who want it.

Theme: Reliance on human resource professionals to lead or assist in workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision.

To illustrate Company C's investment in human capital, the chief administrative officer, who is responsible for human resources, sits on the Executive Committee and thus has "a seat at the table." Company C maintains a corporate scorecard which represents the corporate goals that have been committed to within each fiscal year. Specific metrics are observed at quarterly intervals and annually to determine corporate performance. The yearly results determine incentive rewards. The CEO of Company C is striving to accomplish a goal that every employee has an interview to learn of their life goals as well as goals with the company. The purpose of the interviews is to learn how

the organization can help employees close gaps if they are projecting themselves

somewhere else.

Representative statements from those interviewed:

CEO: What I struggle with human resources seems to be going through the motions of doing that, but I don't get a sense of sincerity. The first time around, they said, "Well, we offered everybody to have an interview." Well, some people are bashful and maybe don't feel they have time. I don't think they reached out enough to every employee.

There may be a star employee who is in a line position right now. If they're not nurtured properly, they may leave, get burnt out, or get a mind set that they can only be a mill operator and there's really no chance they can go into purchasing or somewhere else.

I don't think we reached out enough; and then on the gap analysis, I don't think that was done with great detail or thought about what that person needed. I also think that there should be, even if only one page, a plan or an outline on how to close this gap.

CAO: (Having a seat at the table) we get to offer into that and how it will affect employees here. I think that, first of all, it sets the bar a little higher at that point. A lot of our programs have been designed to share the rewards of successful performance, as much as possible being a privately owned company. We have set up various incentive bonus structures for all the employees.

HRM: There's a lot of integration of one department's plan with another, whether it's as fundamental as the manufacturing area anticipating growth, well, they probably learned of that from the field area, and to support that, it's going to require human capital.

In many ways, it could be in terms of your basic staffing need, or it could be additional training needed to support the skills and so forth. I think obviously from a human resource standpoint, we have appropriate policies, programs, benefits, and those kinds of things to support it.

HIPO 1: HR is not afraid to bring people in from outside to help. So we get external consultants if HR felt they needed them. And sometimes if we're going to do an employee survey, it helps to get somebody from the outside.

Research Question 3

How do selected small businesses in Pennsylvania manage their talent?

Theme: A recruiting and hiring strategy targeted to fill short- and long-term human

capital needs and fill gaps through a workforce planning efforts.

Representative statements from those interviewed:

CEO: Sometimes, and I've heard this from supervisors, too, they feel there's a lacking in creativity on HR's part. Say you're looking for a driver in a certain location; they'll go through the same system of putting an ad in the paper and things like that. If no drivers show up, the supervisors get very frustrated.

I think in the short-term, communication is pretty effective, although we had a falling out and that's where we created that vacancy report for the trucks. HR felt that Transportation told them everything was fine. There was a miscommunication on that, and I won't blame either side. Short-term, I would say we have a system. Creativity may be lacking, at times. Long-term, I don't think we have a long-term plan for HR. Poor strategy. I think their strategy is, "Hey, when that time comes, then we'll think about what we're going to do." That's why **I don't think there's a long-term plan. It's more transactional. Benefits. Payroll. Immediate problems. Immediate hiring needs. Very transactional. They do a good job monitoring the cost of medical benefits, making sure the employees have a good plan, making sure it's affordable for the company. They do all that, but I would say, strategically, not a lot.**

HIPO 1: HR does a great job of hiring really young people, and they always stress attitude; they'll hire somebody who doesn't have a ton of experience but a great attitude and then they'll train that person internally or they'll train them externally, send them, encourage them to get additional training and let them grow into the job. I think we've got a lot of really, really great people that way, and people who have stayed for awhile, too. **We have our own in-house commercial drivers license (CDL) training. When we have enough candidates, we run it. But that's helped us get a lot of drivers.**

HIPO 2: Previous work experience is definitely a key focus. We're looking for an individual who doesn't have eleven jobs on his resume. We're look for those with a good track record.

HIPO 3: Nobody has ever come to me and said we need some people. They

advertise in the paper and electronically. That's not to say that I would disregard referring someone I know. They are also good at letting us know what openings are available at our other locations in case someone would be interested in transferring.

Theme: Appropriate investments in education, training, and other developmental opportunities to help employees build competencies needed to achieve an organization's shared vision.

Professional growth has always been one of the key missions of Company C as reflected in their six key initiatives of which learning is one. Company C encourages professional growth a number of ways. Over the last several years, Company C has undertaken an initiative to give every employee the opportunity to sit down with either the HR manager, the president, or both to discuss such topics as satisfaction with their current job; do they have the necessary tools and education to be successful in their current job; what do they need from the organization not only to be successful in their current job but what are they looking for in future opportunities.

Company C also strives to recognize and help individuals who have aspirations to prepare to take on greater challenges. A company-sponsored initiative for employees seeking to move into supervisory positions is *Supervisor 101,* an internally prepared and delivered course that allows non-supervisors to acquire requisite skills and knowledge so when supervisory opportunities become available, employees are prepared to step in to the position.

Through communications with employees, Company C continually stresses tuition reimbursement programs for career development. The administration tracks the

amount of training in which employees have participated and if the training was

mandatory or voluntary. Certain departments are encouraged to establish goals for their

employees to participate in at least two company funded professional growth programs

per year.

Representative statements from those interviewed:

CAO: The transportation industry has just been unbelievably challenging. The other challenge we have is no (mill) operators. How do you make that job attractive? Our two biggest departments are in operations: transportation and the mill. Our big challenge has been once we get individuals on board, our turnover, I think, is about 30-some percent. It's not what we are happy with, and we're initiating some things as a result of that.

We've offered employee incentives so if they make a reference, they receive a reward based on that. Obviously, along the same lines, we've done sign-on incentives to get individuals through the door to interview. We've done various programs with minorities, primarily Hispanic. To develop someone to come in with language capability can be a challenge. We've done a lot of internal training with drivers. We have our own internal driver training program.

We had a base rate with mill operators, called the Bump Program, that they could get incentives throughout the year. We've eliminated the Bump Program and put that all up front to make the rate more attractive. We've offered – we've tried to offer and I think do offer some very unique benefit programs.

HR: I don't think there's a formal, real hard sell approach for (tuition reimbursement). It's certainly published in the normal places if you want to refer to it in the employee handbook, and supervisors are well versed on it. We have programs, from time to time, that will be made more public. If it's employee development initiatives, yeah, that's pushed and marketed as appropriate for that specific initiative. I don't think we've ever had a, "Hey, let's really market our tuition reimbursement program. Let's do that this month."

I would say it's a low number as far as the tuition reimbursement for the formal degree program. It may be, in large part, because it's such a big investment for an individual. There's not as much interest. It does need to be somewhat work related.

HIPO 1: (The company) get grants whenever they can. (HR) is always looking for grant opportunities with the state or within a school. There's always tuition

reimbursement. It's always available if they come in with a work-related class they want to take.

This past year (HR) met with all employees in manufacturing and transportation to talk about where (employees) want to go in this company, and training opportunities to try to steer people to different avenues. And they did it with office employees probably last winter. They're very open to a lot of different things. But you have to take the initiative.

LM: Truck driver training and remedial driver training are important to get their skills level where it needs to be. My job is to remove obstacles for drivers so that the employment experience will be at its best.

HIPO 2: They buy procedure training and safety videos that are watched on a mandatory basis. They invest a lot of time in daily meetings. Time with employees is a big investment here. New equipment makes the job easier. New equipment shows that the company is willing to do what it takes to achieve in their business.

HIPO 3: Older drivers are used as mentors for new drivers coming in. They offer developmental opportunities.

Theme: Workforce deployment appropriate to mission accomplishment and keyed to efficient, effective, and economic operations.

Representative statements from those interviewed:

CEO: The other thing is with the position of truck driver, we're in a large pool of businesses that need truckers. It's not just the feed industry, so that can ebb and flow. Right now, there's a lot of drivers out there because the economy's slowing down, so then we get a lot of drivers. Two years ago, you couldn't find a driver anywhere. **We actually had a driver training program, which cost us about $3500 – a $3500 value to that person. We try and hold them here. If they sign it and they honor it, we'll hold them here.**

CAO: Yeah, I think the workforce is appropriate. The challenge is in today's economic climate getting individuals who – with unemployment rate – are good individuals. I think we need to do a better job to try to attract those individuals. A lot of times, it goes back to the question why do we build where we build. **There are sometimes some challenges in getting workers to those (remote) areas. It may work well from a logistic point of view, where the customer base is.**

LM: HR really pushes to try and seek opportunities for people who would fit. They perform career audits where they'll visit ... here's where we see you today, and here's some potential opportunities in the future, and here's what we need to do to get there.

We are just about fully staffed (transportation section) and that's in an effort to achieve the goal of reduced loads and increase service to the customer.   The more efficient the truck driver works, the benefit is triangulated ... the employee, the company reduced costs, and the customer by maintaining our costs and not have to pass on the transportation prices we can control.

HIPO 2: There is a very efficient hiring process. When you're in a customer driven business, you have to meet customers' needs. And you have to have the personnel on the staff to make that happen. There is sufficient planning.

Theme: Compensation system to attract, motivate, retain, and reward the people needed

to pursue a shared vision.

Compensation in Company C is mid-range, but it does have a strong benefit

program. Recently the starting rate for mill operators was increased.

Representative statements from those interviewed:

CEO: When we have our meeting, they go over reasons why people said they left. For a lot of the positions, new individuals must start on a night shift and some of them think they can do that and then they say that's not working out for them. There's not much we can do about that. **Generally, pay is not brought up, so it must be they don't like the type of work** or something. Our drivers do a lot more, I think, physical work. So they may be a driver from somewhere else, not used to all that, and say, "I can work somewhere else."

Recently, a few of the exit interviews revealed a lack of recognition, lack of acknowledgment for doing a good job, things like that. We're just exploring that aspect of it 'cause we're trying to find out do they mean publicly noting it by the executives of the company, or do they mean their immediate supervisor doesn't thank them, or what do they mean by that.

CAO: I think we do compensations in two parts. Obviously one is a paycheck and there's also the benefit program. We find that generally we do not, in our exit interviews, lose employees because of compensation. Drivers start on night shift and

sometimes that can be a challenge, or because of our training program, we'll take inexperienced drivers and they get into it and determine, "This is not what I like." **But we don't lose a lot of employees because of our compensation program.**

HR: I think so. We have never tried to target ourselves as the highest paying organization. I think you tend to attract the individuals who feel that pay is most important to them, and I don't think that's the kind of culture we want to create and sustain here. We do regularly review where we're at with the compensation program, for example. We have a program where we were discussing final details for upgrading our starting rate for our mill operators. We had updated that a year and a half ago and part of that was tweaking the program to make a few changes, not just for the starting rate, but as incentives over the first year and so forth.

LM: For the longer-term employees, our bonus program is available to those who apply themselves. I can't go anywhere else and make this kind of money and enjoy these type of benefits and these opportunities.

HIPO 1: We do have the bonus structure. We make all our goals, each section's given a percentage.

HIPO 2: You can achieve up to a certain dollar amount for a safety bonus.

HIPO 3:   The benefits are great for my family. They offer excellent health insurance. The entire benefit package is excellent. Pay is sometimes a reason people leave. However, some people who leave ... I see them come back.

Theme: Flexibilities, facilities, services, and work/life programs to compete for talent and enhance employee satisfaction and commitment to an organization and its shared vision.

For the most part, Company C facilities create a positive, healthy environment. A strong safety program exists as well as some wellness programs and a wellness fair. Company outings and picnics are also provided to all employees.

Representative statements from those interviewed:

CAO: Yes. I think we offer a lot of unique benefit programs, and that's not just a once and done. Every year, we'll do something special for our employees. We offer

a competitive retirement program, tied in with our educational opportunities and so forth, the benefits, yeah, I think we do a lot to maintain our employee morale.

HR: I would place us somewhere between average to slightly above average on that. I think there is flexibility where it can be, probably more so within the office. We don't have a lot of telecommuting kind of scenarios. We had a couple people in the past, and it didn't work out really well, put a sour taste in the mouth so I think there's resistance to looking at that again. I've had a good experience as far as working with my manager for flexibility to coming and go with any personal issues that come up. **We have, I think, a really good benefits package. We promote wellness programs.**

LM: I'm open to needs of the drivers. You tell me what works best for you, and if it makes sense for the organization and you maintain your minimum required hours, we're inclined now to do that. We are completely flexible. We've been able to retain people because of that.

Employees are recognized when their suggestions are implemented through the Innovation Awards. We're pushing hard to get ideas from people. There is a shyness by employees who have ideas but don't want to share them. We have to break down that barrier.

HIPO 1: That is very much based on your job. Some people have flexibility to work at home and they've actually, with specific people already in the past have worked out work-at-home arrangements for people who wanted to do that, but it's very, very dependent on what your job is. **Someone at the mill obviously can't work at home, and they have less flexibility than people in the office, for the most part.**

HIPO 2: They are very open and very flexible regarding employee schedules to meet ones needs. Services, free EAP counseling Since we're in the agriculture business, every year full time employees, receive a meat bonus, several hundred pounds of meat. That program is so strong; some disgruntled people even stick around to collect their meat bonus. This is plus a Thanksgiving turkey and Christmas ham everyone gets.

Cross-Case Analysis: Company Profile Comparisons

The company profiles for the three cases are compared in the table below.

Table 4

Comparison of Company Profiles in Three Cases

Company profiles	Company A	Company B	Company C
Place of origin	South-central Pennsylvania	South-central Pennsylvania	South-central Pennsylvania
Category	Privately owned corporation	Privately owned corporation	Privately owned corporation
Formation	1989	1985	1944
Industry	Manufacturing	Construction	Agriculture
Scope	Manufacturer of fine custom cabinets	General building contractor	Agricultural feed and service
Product market	Nationwide	South-central & southeastern PA, northern Maryland, parts of New Jersey	Mid-Atlantic region
Employee size	165	149	273
Development phase	Fast growing	Fast growing	Mature

Table 4 reveals that Companies A, B, and C share several common characteristics. All three organizations were formed and are currently headquartered in south-central Pennsylvania. Employee sizes are fairly comparable, and corporate cultures emphasize the value of "people," not only employees but also customers and suppliers.

Cross-Case Analysis: Research Question 1

How do selected small businesses in Pennsylvania develop strategic planning?

As Table 5 indicates, Company A, Company B, and Company C present a "shared vision" which is their mission statement, vision, and core values. Company A and Company C publish their shared vision predominantly on their websites and in corporate literature. Although not listed as such, Company B's website and printed marketing material contain the essence of their shared vision. Company A and Company C post their strategic plans in conspicuous places such as on walls of common areas and in the cabs of Company C's transport trucks. Company B maintains several showcases in their corporate lobby and in other common areas that hold some of the more than 100 national, state, and area trophies and awards won for construction excellence; symbols of intentional corporate and individual accomplishment and growth. Company C addresses an aspect of their shared vision in every issue of their monthly newsletter available to all stakeholders. Company A uses their Company Ideals (shared values) to calibrate corporate thinking and decision-making then constantly seeks ways to connect those values to behaviors, performance, and organizational planning.

Table 5

Mission Statements of Selected Small Businesses in Pennsylvania

Strategy	Company A	Company B	Company C
Mission Statement	To conduct business in a manner that generates steady, solid, continuous growth and profitability, leading us to a leadership position in our industry. To realize our employees are our greatest asset. To practice the highest moral and ethical principles of business.	To provide sound estimating, hands-on project management, efficient coordination, and construction of the highest quality.	To provide quality feed for quality food.

Table 6

Vision Statement and Core Values of Selected Small Businesses in Pennsylvania

Strategy	Company A	Company B	Company C	
Vision	To be the leading manufacturer of residential custom cabinetry, enabling us to have a positive impact on those communities and people with whom we interact.	We continually strive to find better ways and technologies that will help to benefit our clients.	To continue to grow. [Guided by these Stewardship Learning Quality	initiatives] Relationship Innovation Financial
Core values	People Integrity Innovation Quality Competency	Energetic enthusiasm Sensitivity to customers' needs Willingness to accept total responsibility Craftsman-like pride	Accountability Ethics Quality	Reliability Respect Stewardship

Although Company B has conducted five in-house strategic planning and goal-setting sessions since its founding in 1985, the president recalls, "I think over the past few years, with the great economy and our taking advantage of it, we've been very opportunistic as opposed to planning (for growth). We've been going to where we've seen opportunities—maybe not in the most organized fashion. Those things have raised a lot of questions internally, so we've been able to sit down and talk that through." The executive vice-president further explained, "We've just been a very, very opportunistic company. But, strategically, we really haven't planned." For the first time in company history, an external consultant was engaged to conduct a formal, enterprise-wide strategic planning process that included small group strategic sessions for all employees. When the final study results and recommendations are presented, the 15-member Strategic Planning Committee will determine the "next steps" for Company B's new strategic plan.

Table 7

Evidence of a Coherent Human Capital Strategy within Selected Small Businesses in Pennsylvania

Organization	Description
Company A	Company created its own internal performance assessment or appraisal process, and into that process the firm integrates their core values and the key elements of what drives their employees' success. Those evaluations are all calibrated around the company's mission and vision; they are all calibrated toward the human capital strategy which is to grow and develop and recruit the right individuals into the rights places within the organization.
Company B	Rather than maintaining a good strategic plan for human capital, Company B has operated with a loose confederation of operating areas. A new strategic plan will force the organization to focus on developing a better methodology for organizing its human capital across the enterprise.
Company C	Production and transportation supervisors maintain a list of human capital needs and periodically send their needs—which are usually more immediate needs than long-term needs—to human resources. There is a lot of integration of one department's plan with another in order to insure basic staffing needs are met.

Company C engages in an annual strategic planning initiative which is a culmination of divisional strategic plans. The annual strategic plans are rolled into a ten-year growth plan. The chief executive officer of Company C reported in a recent stakeholder newsletter that the firm was embarking on a *Vision of the Future* with a goal to double the size of the company in the next ten years. The CEO observed, "There was no way to position Company C for future growth without a new strategy. We were standing still, and you cannot do that for long before you start to go backwards. High performance companies continue to reposition themselves for growth." The CEO recommitted the firm and its executive leadership to take advantage of their core expertise, continue to develop strong customer and supplier relationships, detect mega trends, a willingness to invest in the future, and have faith in their employees.

Both Company A and Company C are avid subscribers of the "hedgehog concept" popularized by Jim Collins in *Good to Great*. Company A's published responses to hedgehog questions:

- **What are you deeply passionate about?**

  Building a great company that serves God and serves people

- **What can you be the best at?**

  Especially for upper end, value conscious designers and dealers, Company A is the best source of easily transacted, profitable, repeat and referral business that delivers affordable, functional and fashionable products while nurturing excellent relationships.

- **What is your economic engine?**

  Labor and material as a percent of sales

Company C's hedgehog concept is "to stay focused on our core business."

Cross-Case Analysis: Research Question 2

How is organizational alignment operationalized

in selected small businesses in Pennsylvania?

Company A, Company B, and Company C regularly discuss workforce planning on a short-term as well as a long-term basis. As Company A and Company B both work in either a production or construction mode, workforce planning on a near daily basis is a necessity for efficient and effective use of their workforces. Company C maintains a regular clientele and is concerned about long-term customer retention.

On the short-term, Company A and Company B monitor workforce planning by using tools that identify employees by skill, level of skill, and job needs. Concurrently, all three organizations actively monitor employee pay levels with Company C using a performance scorecard to award bonuses.

The vice president of administration at Company A stated in an interview, "If you asked have we spent some time discussing what our specific human capital needs are going forward, the answer is yes, we have. If you ask do we have an explicit strategy, no." Company A has recently began a process to take a systematic look at their entire organization, assess all employee talent then start to determine any gaps.

Table 8 explained several methods utilized by Company A, Company B, and Company C to maintain an explicit workforce planning.

Table 8

Methods of Maintaining an Explicit Workforce Planning Strategy within Selected Small Businesses in Pennsylvania

Organization	Description
Company A	Conducts annual profit planning process to develop a profit plan for the next year; that plan is rolled into a three- to five-year plan. An element of the annual planning process involves developing a specific hiring plan for the number of individuals in each department that will be needed to achieve the firm's growth plan for the following year.
Company B	As a construction company, human capital requirements are based on building projects that may fluctuate from year to year. This makes workforce planning difficult. Management staff constantly discusses current manning requirements and projects six months to one year ahead attempting to determine if the right blend of carpenter apprentices exists in the trades force. In most cases, if a good trades worker is referred to the company, they will be hired even if their specialty is not currently required; they will be on-staff when their specific skill is required.
Company C	From the long term perspective, company maintains a semi-formal approach to succession planning. Executives have identified individuals in every department who have developmental potential. For the short term, it will be difficult to fill a line position with an immediate replacement who, most likely would come from outside the organization.

Company A and Company C rely on their human resource professionals to assist in workforce planning efforts and in developing, implementing, and assessing human capital policies. The director of field operations carries that responsibility in Company B.

With Company A running both a day and night shift, the leadership teams on both shifts are very involved in the development of employees' competencies. The vice president of administration commented, "We have a young leadership team. Many of them are fairly new to a management role, so we do provide a lot of coaching, a lot of support, and HR is a very key part of that."

Regarding Company B, workforce planning efforts are primarily the joint responsibility of five high-level executives including the president, executive vice president, and three project executives who "take the pulse" of the staff and "attempt to measure whether we have adequate staff; is the team overwhelmed; are we achieving our goals; do we need to change the way we are doing things or do we reassign or realign, and I don't think we are perfect at it, but we are definitely improving," according to one of the project executives.

The director of field operations for Company B speaks to his integrating the human resource function, "It's not formal but when I visit job sites ... we (project superintendents, lead carpenters and laborers) will have many discussions about what training would be beneficial."

Table 9 compared Company A, Company B, and Company C in their related methods of relying on human resources to assist in workforce planning efforts.

Table 9

Methods of Relying on HR to Assist in Workforce Planning Efforts within Selected Small Businesses in Pennsylvania

Organization	Description
Company A	With a very positive position on developing personnel from within, the company prefers to preserve tacit knowledge within the organization before hiring outside. Therefore, the organization relies strongly on developing current employees. Developing future leaders is also a very strong focus of not only HR's training process but also one of the responsibilities of the VPD as well as the president. The VPA and VPD regularly monitor pay scales and the benefit package to keep the firm very competitive in the labor market.
Company B	With its modified HR structure, the firm's development, implementation, and assessment of human capital policies and practices start with the president followed by the executive vice president and three project executives. Those are the key executives who "take the pulse" of the field staff, measure the adequate size of staff and determine if the organization is achieving corporate goals.
Company C	The chief administrative officer is responsible for human resources and also sits on the executive committee thus providing him with a "seat at the table." The human resource manager is also part of the management committee. The firm also maintains a corporate scorecard which represents annual corporate goals. The yearly performance results, measured by the scorecard, determine incentive rewards.

Cross-Case Analysis: Research Question 3

How do selected small businesses in Pennsylvania manage their talent?

Of the three human capital strategies studied in this research, talent management in Company A, Company B, and Company C is the most similar strategy in terms of organizational culture, programmatic similarities, and corporate generosity.

All three companies qualified as high-performance organizations because they have adopted work practices that link human resource management to individual and organizational performance. Company A, Company B, and Company C continually monitor their workforce talent in regard to changing characteristics of the south-central Pennsylvania labor market. The three organizations have established varying degrees of strategies for filling their talent needs through recruiting, hiring, and retaining the best possible workforce.

Tables 10 and 12 through 15 detail cross-cut comparisons of how Company A, Company B, and Company C execute and maintain similar compensation philosophies, benefits programs, employee flexibilities, facilities, and work/life balance.

Executives of each organization maintain the philosophy that their talent must be continuously developed through education, training, and opportunities for continued growth which are illustrated in Table 11. Constantly seeking to match the right people to the right jobs, each organization uses matrix methods to insure the flexibility to redeploy its human capital to maximize work process economies, efficient, and effectiveness.

Table 10

Talent Management Methodologies within Selected Small Businesses in Pennsylvania: Recruiting and Hiring

Theme	Company A	Company B	Company C
Recruiting and Hiring	Just-in-time recruiting based on short-term production forecasts. No formal long-term (beyond 2-3 years) strategy for skilled crafts; based on projected needs.	Just-in-time recruiting based on short-term construction forecasts. No formal long-term (beyond 2-3 years) strategy for skilled crafts; based on projected jobs.	Just-in-time recruiting based on requests from managers. Support staff developed from within. Scientific and agri-specialists are most often hired from the outside.
	Develops crafters and professional staff from within.	Develops crafters and professional staff from within.	Management and executive level employees promoted from within. High potential employees at all levels are recognized and developed for future high level positions.
	In most cases, management and executive level employees promoted from within. High potential employees at all levels are recognized and developed for future high level positions.	Managers and executives promoted from within. High potentials at all levels are recognized and developed for future high level positions.	Relies on employees' and others' referrals for mill operator and driver positions; pays a referral bonus.
	Relies on employees' and others' referrals for skilled crafters; pays a referral bonus.	Relies on employees' and others' referrals for skilled crafters; pays a referral bonus.	If no referrals available, will use media advertising for mill operator and driver recruiting.
	Limited use of media advertising for trades recruiting.	No media advertising used for trades recruiting or for professional staff. No headhunters for executive recruiting.	Relies heavily on technical schools for drivers.
	Relies heavily on technical schools for skilled workers.	Relies heavily on technical schools for skilled workers.	

Table 11

Talent Management Methodologies within Selected Small Businesses in Pennsylvania:
Employee Education, Training and Other Development

Theme	Company A	Company B	Company C
Employee education, training and other development	Skills training most important; in most instances, provided by the company. Active on-the-job training programs. Mandatory safety training is provided.	Skills training most important; apprentice training provided by the contractor guild. Active on-the-job training programs. Mandatory safety training is provided.	Skills training most important; in most instances, provided by the company. Active on-the-job training programs. Mandatory safety training is provided.
	Aggressive in-house leadership develop-ment provided.	Aggressive on-the-job leadership develop-ment provided in-house.	In-house leadership development provided.
	Tuition reimbursement provided for manage-ment staff and for skilled staff if job related.	Tuition reimbursement provided for manage-ment staff and for skilled staff if job related.	Tuition reimbursement provided for manage-ment staff and for skilled staff if job related.
		Apprentice training program funded by the firm. Time in classroom partially compensated by the firm.	Commercial drivers' license (CDL) train-ing provided by firm.

Table 12

Talent Management Methodologies within Selected Small Businesses in Pennsylvania: Workforce Deployment

Theme	Company A	Company B	Company C
Workforce deployment	Production based on lean manufacturing methodology. Toyota Production System adopted by firm. Principles taught in-house by VPD. Weekly manpower meeting is held to discuss upcoming skill needs for current production. Recognizes and values employees' tribal and tacit knowledge as firm's key to success. Maintains aggressive cross-training program for crafters. Utilizes a labor planning spreadsheet. Utilizes a "rapid deployment team" concept; four highly cross trained employees deploy to a department where short-term skills need exists.	Firm is a general contractor that performs about 15% of work on a project (rough and finish carpentry, masonry etc.); remainder of work (electrical, HVAC, plumbing etc) completed by sub-contractors. Project managers meet every Friday to discuss manpower needs for current projects; appropriate manpower adjustments may be made. Discussions with director of field operations occur continuously about the make-up of work teams on all projects. If required, director of field operations shifts manpower daily.	Firm seeks to improve methods for deploying workforce. Deployment of production and truck drivers is maintained by division managers. Feed is produced and delivered on 24/7 basis; requires round-the-clock workforce deployment. Cross training exists in mill operations but limited variety of jobs. Industry-wide demand for quality truck drivers is always high. Firm requires more work of its drivers (loading difficult, monitoring quality of load, delivery at farms at night). Some mills are in rural areas to be close to customers; attracting workers can be hard.

Table 13

Talent Management Methodologies within Selected Small Businesses in Pennsylvania: Compensation System

Theme	Company A	Company B	Company C
Compensation system	Maintains a very competitive salary structure. Maintains an intentional desire to be above market in salary and wage bases.	Maintains a very competitive salary structure. President wants his people to be well paid.	Wage is mid-range for comparable positions with other organizations. Corporate goal is intentional not to be the highest paying.
	Determines company's salary/wage position in the marketplace by asking job applicants plus using other anecdotal means.	Subscribes to a comprehensive national construction industry wage information system. Firm's goal is to stay in the top 75 present or higher of the northeast quadrant pay range.	Exit interviews often reveal that compensation is not a primary reason for resignations.
	Plant manager has the authority to award employees interim pay increases.	On-the-spot performance bonuses are awarded to employees.	Safety bonuses, up to a maximum, are awarded. Corporate bonuses are awarded to employees based on accomplishing certain benchmarks.
	Provides an excellent benefits package.	Bonuses are given to employees who attend quarterly training meetings.	Provides an excellent benefits package.
		Provides an excellent benefits package.	

Table 14

Talent Management Methodologies within Selected Small Businesses in Pennsylvania
Employee flexibilities and satisfaction

Themes	Company A	Company B	Company C
Employee flexibilities and satisfaction	Provisions for support staff to telecommute.	Does not permit telecommuting.	Provisions for support staff to telecommute.
	Provides for flexible work schedules for executives and support staff; handled on an individual basis for production staff.	Provides for flexible work schedules for executives and support staff; handled on an individual basis for construction staff.	Provides for flexible work schedules for executives and support staff; handled on an individual basis for operations staff.
	Maintains an active wellness committee and focuses on safe working conditions. Maintains a safety team.	Maintains an active wellness committee and focuses on safe working conditions.	Maintains an active wellness committee and focuses on safe working conditions. Firm is "Occupational Health and Safety Assessment Series 18001" certified.
	Named "Best Place to Work in PA" for three years; twice named one of the 50 Fastest Growing Companies in Central PA.	Named "Best Place to Work in PA" for three years. In 2007, placed as the 7th fastest growing company in Central PA.	Named "Best Places to Work in PA" for six years.
Facilities and equipment	Work setting is a manufacturing facility with co-located, small and rather cramped executive offices. Firm purchased property and building next door for future expansion. Goal: great physical work spaces.	Executive and support staff work in a recently remodeled expansive building. Staff has large, high tech work stations. Most offices and work areas have windows.

Craft employees have liberal tool allowance. | Executive and support office is somewhat dated and small for growing workforce; offices and work stations are equipped with high technology.

Transport fleet being updated. ISO certified. |

Table 15

Talent Management Methodologies within Selected Small Businesses in Pennsylvania: Work/life balance

Strategy	Company A	Company B	Company C
Work/life balance	Provides annual company picnic and Christmas party for employees and families. Offers scholarship to employees and spouses to attend an annual weekend marriage retreat. Culture of organization, established by the founders when firm was established, has always been a team oriented one; executive staff knows names of family members. Employee assistance program is available to employees. As an openly Christian-based firm, company chaplains (Hispanic-speaking as well) are regularly on-site for counseling and to conduct weddings if requested.	Provides annual company picnic and Christmas party for employees and entire families. Sponsors some social events (i.e. fishing trips) for just employees. Employee assistance program is available to employees. Culture of organization, established by the president when firm was founded, has always been a team oriented one; executive staff knows names of family members. Firm has excellent reputation as a community minded organization.	Provides annual company picnic and Christmas party for employees and families. Every year firm sponsors a family trip for all employees to an amusement park or other popular locations. Employee assistance program is available to employees. Every year, a "meat bonus" is given to all full-time employees. Each employee receives several hundred dollars worth of meat.

Chapter Summary

The findings of the research were presented in this chapter. A summary of the procedures used to conduct the multiple site case study and the three research questions used in the study were presented. The interview findings from management and staff of three anonymous small businesses in central Pennsylvania were documented. Responses from 18 executives, managers, and staff were categorized and analyzed. The three research questions provided the framework for noting and organizing the data as well as noting the participants' experiences within their respective organizations. Excerpts from the interviews were used to highlight the participants' perceptions of how the three human capital domains were perceived within their respective organizations.

A summary of the study, conclusions from the findings, and recommendations are presented in chapter 5

CHAPTER 5

SUMMARY, DISCUSSION, AND RECOMMENDATIONS

Introduction

The purpose of this chapter is to summarize the study, provide discussion points, and present the researcher's recommendations. Chapter 5 is divided into three sections. The first section summarizes the research purpose, literature review, research methods, and results of the study. The second section discusses the implications of findings for the three research questions presented by this study. The third section provides recommendations for practical applications and future research.

Study Summary

The purpose of this study was to explore, describe, and interpret how the phenomena of strategic planning, organizational alignment, and talent were perceived as components of human capital management by three small businesses in south-central Pennsylvania. This study was guided by a series of reports issued by the United States General Accounting Office (GAO)—now known as the Government Accountability Office—that focused on assessing the management of human capital (employees) within the federal government. The research framework in this study was based on report GAO/OCG-00-14G that provided a self-assessment checklist as a diagnostic tool to capture senior federal government leaders' views of their individual agency human capital

policies and practices. The GAO suggested a self-assessment diagnostic tool be used as a human capital management status check to guide agency leaders in implementing a more systematic, in-depth, and continuous evaluation of human capital systems. The five dimensions in the GAO human capital framework and short descriptions:

Strategic Planning – establish the agency's mission, vision for the future, core values, goals and objectives, and strategies

Organizational Alignment – integrate human capital strategies with the agency's core business practices

Leadership – foster a committed leadership team and provide reasonable continuity through succession planning

Talent – recruit, hire, develop, and retain employees with the skills for mission accomplishment

Performance Culture – empower and motivate employees while ensuring accountability and fairness in the workplace

While reading GAO reports on the status of human capital management in the public sector, the researcher questioned if GAO human capital management concepts existed in the small business segment of the private sector. Strategic planning, organizational alignment, and talent dimensions were chosen by the researcher as the areas of interest to be studied. Although all five dimensions are important for successful management of human capital, *strategic planning, organizational alignment,* and *talent* were chosen for this study because of their foundational influence on organizational success.

Strategic planning and organizational alignment "provide a vehicle to improve current and future organizational effectiveness" (Gilley & Maychunich, 1998, p. 93) and are both instrumental to organizational success. Executives "should understand how their company's overall strategy drives the demand for people (talent)" (Strack et al., 2008, p. 10). The talent dimension was also chosen for this research because it is the most important asset of many organizations, and business success is closely tied to those organizations employ.

Another GAO report that addressed key human capital principles from the perspective of nine private sector organizations was consulted for this research (U.S. General Accounting Office, January 2000). Also reviewed for this study was literature written about human capital management and its development in the small business sector, the problems and concerns of small business, as well as the human capital dimensions of strategic planning, organizational alignment, and talent management. The value of self-assessment in organizations was also examined.

The multiple-site case study was guided by the conceptual model "Human Capital: A Self-Assessment Checklist for Agency Leaders" written by the GAO and was conducted based on a modified qualitative methodology. Although written using characteristics of qualitative methodology such as words, text, and narratives, this work differs from the traditional intent of qualitative research which is to develop emerging themes from gathered data. Rather than ascertaining common themes based on data gathered from interviewees, the objective of the present researcher was to utilize themes previously established in the GAO human capital study in order to determine if and how

small businesses operationalized the criteria presented by the GAO. The primary source of data collection was by personal interviews conducted by the researcher. Documents, literature, brochures, websites, and personal observations by the researcher served as secondary data. The target population for this study was small businesses with between 100 and 500 employees.

A human capital management subject matter expert (with an extensive small business network through a Society for Human Resource Management chapter in south-central Pennsylvania) provided the names of several small businesses. Three firms met the researcher's criteria of employee head count and were either currently or had previously appeared in annual listings of the best places in Pennsylvania for people to work. In order to preserve competitive confidentiality, the organizations were referred to in this study as Company A, Company B, and Company C with the identities of the firms known only by the researcher's dissertation committee and the university IRB. Data were collected for this study from August to October 2008 through on-site interviews in three small businesses in south-central Pennsylvania. A total of 18 interviews were conducted with the highest ranking chief executive, the highest ranking human resource officer, human resource manager, line managers, and high potential employees within each organization.

Interviews with the president, vice president of administration, vice president of development, dealer support team leader, and plant manager were conducted at the headquarters and manufacturing plant of Company A. The six interviewed at the headquarters of Company B and one job site were the president, executive vice president,

director of field operations, project superintendent, director of estimating, and a project executive. The seven interviewed at Company C's headquarters and plant were with the president and chief executive officer, corporate secretary and chief administration officer, human resource manager, transportation supervisor, corporate communications coordinator, and two truck drivers.

To legitimize the quality of the data and the study, the researcher utilized a three-prong strategy. First, the primary interview data were triangulated with secondary data. Second, interview data were collected from the highest ranking chief executives, the highest ranking human resource officers, human resource managers, line managers, and high potential employees within each organization and then triangulated across informants at different positions within each organization. Third, by engaging the cross-case study design, the researcher triangulated data from three different cases to identify similar and unique themes. In analyzing the data, the researcher first developed a case study report for each business studied. To enhance the study's validity, each draft case study report was sent for checking to the highest ranking chief executive and the highest ranking human resource officer of each business. Comments and corrections from the key informants were incorporated into the revised case study reports. Following the within-case analysis, a cross-case analysis was performed and common themes across the three cases were presented for each research question.

Implications of the Findings

Research Question 1

How do selected small businesses in Pennsylvania develop strategic planning?

According to the GAO model that guided this study, components of strategic planning include an organization's mission, a vision for the future, core values, goals and objectives, and strategies. Once established, the vision should be clearly, constantly, and consistently shared or communicated throughout all levels of the organization. An organization's shared vision provides the standard for assessing the appropriateness and effectiveness of everything the organization attempts and completes. Regarding the development of human capital, the organization should develop strategies to enhance the intrinsic value of all its employees and focus organizational efforts on achieving the shared vision.

Shared Vision

The three organizations in this study were in various stages of developing and implementing formal shared visions. Executives in all three businesses acknowledged the need to and the benefits derived from communicating their visions. In the cases studied, all employees interviewed acknowledged that most elements of their firm's vision were regularly communicated throughout their organization. Executives of each case were cognizant of the need to update their shared vision. Company B had just completed its most involved top-to-bottom strategic planning initiative in company history.

Human Capital Focus

Common to all three organizations was the principle of treating human capital management as fundamental to strategic business management. All case studies acknowledged the value of human capital development. Companies A and C maintained formal, full-service human resources management departments. Company B provided basic human resource management services but would use the results of a recent strategic planning initiative—in part—to determine if a formal human resource management department would be established.

Research Question 2

How is organizational alignment operationalized in selected small businesses in Pennsylvania?

The organizational alignment self-assessment question provided in the GAO model is: Does the organization have an explicit workforce planning strategy, linked to the organization's strategic and program planning efforts, to identify its current and future human capital needs—including the size of the workforce; its deployment across the organization; and the knowledge, skills, and abilities needed for the agency to pursue its shared vision?

As small businesses, size of the workforces in the case studies were minimally maintained and based on business, economic, and customer demands. One week prior to the scheduled interviews with the researcher, Company A announced its first-ever layoff of workers due to decreased product demand at that point in time. Company B reported

the most sophisticated workforce scheduling tool that greatly increases the efficient

deployment of skilled field employees. All three companies embraced the concept of

developing future leaders within the organization and actively monitored high-potential

performers for future promotional opportunities.

Research Question 3

How do selected small businesses in Pennsylvania manage their talent?

According to the GAO model that guided this study, components of the talent

dimension are: recruiting and hiring, training and professional development, workforce

deployment, compensation, and employee-friendly workplace.

Recruiting and hiring

Just-in-time recruiting based on short-term production forecasts was the

predominant recruiting model. No formal long-term (beyond two or three years)

recruiting strategy for skilled positions existed in any of the case studies. In all three case

studies, management and executive level employees were promoted from within; high

potential employees at all levels were recognized and developed for future higher level

positions. All three companies in the study primarily relied on their employees and

others for referrals of skilled workers; all firms paid referral bonuses. Technical schools

were also important sources for younger line workers.

Training and professional development

In all three case studies, skills training was the most important, and, in most

instances, was provided by each company. Mandatory safety training was also provided

by all three firms. A tuition reimbursement policy existed at all three businesses for management staff and for skilled staff providing the training was job related. In-house leadership development was also provided by all three businesses.

Workforce deployment

All three companies made flexible use of their workforces and strived to have the right employees in the right roles according to their skills. Company A was the most aggressive and scientific regarding deployment of its workforce having studied and adopted the Toyota Production System. Company C had the greatest workforce deployment challenge as their primary operations ran 24/7, 365 days a year.

Compensation system

In this category, each company maintained a slight variation in salary structures. Company A had an intentional desire to be above market in salary and wage bases. Company B subscribed to a comprehensive national construction industry wage information system and placed in the top 75% or higher of the northeast quadrant pay range. While Company C's wages were mid-range for comparable positions with other organizations, the corporate policy was intentional to not be the highest paying in their business category. Exit interviews revealed that compensation was not a primary reason for resignations. Bonuses were awarded by all three companies to employees who achieved a variety of benchmarks such as safety adherence, outstanding performance, and other reasons. All three companies provided what interviewees perceived as an excellent benefits package.

Employee-friendly workplace

Companies A and C had provisions for telecommuting by support staff if a need arose, however Company B intentionally did not provide for telecommuting. However, all three firms permitted flexible work schedules for executives and support staff; flexible work requests were handled on an individual basis for production staff. All three organizations were very liberal in their employee work/life balance programs by providing annual family events such as summer picnics and Christmas parties. Employee assistance was available at all three firms. As an openly Christian-based firm, Company A provided company chaplains (Hispanic-speaking as well) who were regularly on-site for counseling and to conduct weddings, if requested. Company B's culture, established by the president when the firm was founded, had always been team oriented; executive staff knew names of all employees' family members. The most unique family-oriented feature was a "meat bonus" given to all full-time employees by Company C. Each employee received several hundred dollars worth of meat annually.

Recommendations to Practitioners and Future Research

Results of human capital development studies in small businesses provided numerous insights for small business leaders as well as other researchers. In this section, the researcher discussed human capital implications and provided recommendations for small business leaders and future researchers.

Implications of the Study

The researcher concluded that the three small businesses in south-central Pennsylvania did, in fact, develop their human capital loosely following the GAO self-assessment checklist guidelines. Based on the study findings, the researcher's perception is that small businesses will benefit by using a human capital self-assessment modeled after the GAO's framework to help them begin a more systematic, in-depth, and continuous effort to evaluate and improve their human capital management system.

Recommendations for Practitioners

Although human capital management practices discussed in this study may not be an appropriate "fit" for all small businesses, they may aid some small business leaders in understanding the strengths or limitations of their human capital management development. These findings may also be helpful to other practitioners in determining alternative developmental methods or to stimulate new ideas. As the three organizations presented in this study either currently or previously have appeared in a listing of the best places in Pennsylvania for people to work, when studied together they appear as benchmarks for excellence in human capital development in Pennsylvania. The researcher recommended that small business leaders increase their explicit knowledge of human capital management. Although leaders of small businesses focus on many

operational responsibilities, effective human capital management may ultimately produce operational efficiencies and effectiveness as well as a competitive advantage.

In order to produce operational efficiencies and effectiveness through effective human capital management, small business leaders must be attentive to the evolving nature of HCM through either self-study, effective networking, membership in professional societies such as ASTD (formerly known as the American Society for Training and Development) and the Society for Human Resource Management, or by enrolling in applicable college courses. As leadership positions in small businesses may be minimal, executives should encourage leaders at all levels to work in partnership as each level plays an important role in effective and efficient human capital management.

Recommendations for Future Research

As case studies may be valuable to "illustrate general principles to other researchers ... case studies can never be offered as proof of a scientist's assertion, but they can be used to provide concrete, easy-to-remember examples of abstract concepts and processes" (Leary, 2008, p. 323). Changing times demand new thinking and new approaches to the way small businesses conduct their business. Designing, implementing, and maintaining effective human capital development strategies will be critical to enhancing strategic and operational goals as well as the success of small businesses.

This study analyzed strategic planning, organizational alignment, and talent—three of the five elements in the framework for human capital self-assessment presented by the GAO. Future research into human capital development in small business should consider observing leadership (how small business fosters a committed leadership team and provides reasonable continuity through succession planning) as well as developing a performance culture (empowering and motivating employees while ensuring accountability and fairness in the workplace). Studying these two dimensions will complete the five dimensions in the framework for human capital self-assessment presented by the GAO.

One of the limitations of this study created another opportunity for future research: geography. The three cases represented in this study were located in one south-central Pennsylvania county that is noted for its strong employee work ethic and employer fairness. Future research should include observations of human capital management in small businesses in other geographic areas that represent more diverse workforce cultures and employer philosophies. Human capital development practices in small businesses should be studied in states other than Pennsylvania—states such as South Dakota, Nevada, and Wyoming that are considered "friendliest" to small business as well as New Jersey, California and the District of Columbia which maintain policy environments least friendly to small business (Keating, R. J., 2008). This study should also be replicated outside the United States in order to gain a more global perspective on human capital management in small business.

Based on the foundation of these case studies, an actual self-assessment tool should be devised for small business leaders to determine their firm's level of human capital management. A quantitative research approach would be beneficial to measure the perceived strength of existing—or nonexistent—human capital management programs in the small business arena.

Chapter Summary

An overview of the study was provided in this chapter. The findings from chapter 4 of the study were presented and discussed in relation to the study's three research questions; study conclusions were also offered. The implications of the study were described while recommendations for small business executives as well as for academicians and future researchers were presented.

Study Summary

The purpose of this study was to explore, describe, and interpret how the phenomena of strategic planning, organizational alignment, and talent were perceived as components of human capital management by three small businesses in south-central Pennsylvania. A modified qualitative multiple site case study methodology was used. Although written using characteristics of qualitative methodology such as words, text, and narratives, this work differs from the traditional intent of qualitative research which

is to develop emerging themes from gathered data. Rather than ascertaining common themes based on data gathered from interviewees, the objective of the present researcher was to utilize themes previously established in a GAO human capital study in order to determine if and how small businesses operationalized the criteria presented by the GAO.

Eighteen employees (including the highest ranking official of each business, human resource officers/ directors, managers, line supervisors, and high potential workers) participated in face-to-face interviews. Responses to semi-structured questions were digitally recorded; the data were transcribed, analyzed and reported.

The significant results of the research suggested that the three small businesses studied developed their human capital management program loosely following the self-assessment checklist guidelines of the federal government. Based on the study findings, the researcher's perception is that small businesses will benefit by using a human capital self-assessment to help them begin a more systematic, in-depth, and continuous effort to evaluate and improve their human capital management systems.

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APPENDIX A

HUMAN CAPITAL: A SELF-ASSESSMENT CHECKLIST
FOR AGENCY LEADERS
FIVE DIMENSIONS OF HUMAN CAPITAL

September 2000
U.S. General Accounting Office, Washington, DC

Strategic Planning: Establish the Agency's Mission, Vision for the Future, Core Values, Goals, and Strategies

High-performance organizations begin by defining what they want to accomplish and what kind of organization they want to be. They define a "shared vision"—i.e., a mission, a vision for the future, core values, goals and strategies—and communicate that shared vision clearly, constantly and consistently. The agency's shared vision provides the standard for assessing the appropriateness and effectiveness of everything the agency does.

In the area of human capital, the agency should develop strategies to enhance the values of its employees and focus their efforts on the agency's shared vision. The effect should be in the best collective interests of employer and employees. The agency's capacity to achieve its shared vision will increase, while its employees will benefit from the incentives—tangible and intangible—of working for a high-performance organization.

Key Questions	What to Look For
Does the organization have a clearly defined *shared vision* for the organization?	Clear description of the organization *shared vision* in: • Strategic plan • Annual performance plan • Other guiding documents
Has the organization created a consistent human capital strategy and integrated it with the organization's overall strategic planning?	• Discussions of the organization's human capital strategies in its strategic plan, performance plan, or other strategic planning documents. • An indication that organization leaders have given human capital a high priority. • Involved line management and other appropriate employees at all levels to create a human capital focus. • Established measures that provide meaningful data on human capital policies and practices and how these practices promote mission accomplishment.

	- An indication that the organization has identified best practices or benchmarked other high-performance organizations with similar missions. - An evaluation of the organization's human resource information system (HRIS) and its capacity to provide relevant and reliable data for fact-based decision-making on human capital.

Organizational Alignment: Integrating Human Capital Strategies with Core Business Practices

High-performance organizations choose the best strategies for integrating their organizational components, activities, core processes, and resources to support mission accomplishment. Likewise, high-performance agencies align their human capital systems— from the organizational level down to individual employees—with their strategy and program planning. This requires workforce planning that is explicitly linked to the agency's "shared vision." It also requires that what has traditionally been called the "personnel" or "human resources (HR)" function to be an integral part of the top management team.

Human capital professionals must have the knowledge and skills to provide effective mission support and to participate as partners with line managers and staff in developing and implementing human capital.   Further, line managers who may be given greater decision-making authority in the human capital area must be sufficiently prepared and trained to be accountable for their decisions.

Key Questions	What to Look For

Does the organization have a specific workforce planning strategy linked to its strategic plan?	• A way to identify current and future human capital needs to include the competencies and the size of the workforce.
	• Information from personnel files on these indicators:
	  o distribution of employees by pay level
	  o attrition rates
	  o retirement rates
	  o ratio of managers to employees
	• Indication that the organization has identified the roles and core competencies of employees needed to support its shared vision.
	• An organizational skills inventory identifying current and future skills needs and gaps.
	• An organizational skills inventory based on employee demographics.
	• Industry benchmarks in areas such as employee skill sets, education levels, and demographic trends.

Does the organization rely on its personnel, human resources, or human capital professionals to:	• Evidence that "personnel," "human resources," or "human capital" professionals were meaningfully involved in developing the organization's shared vision and aligning the human capital strategies with its strategic and program planning.

(1) contribute a human capital perspective to its broader strategic planning process through a "seat at the table?" (2) provide integrated mission support and participate as partners with line managers?	• Indications that the "personnel," "human resources," or "human capital" function is appropriately staffed—both in numbers and competencies—to effectively partner with others in the organization.

Leadership: Foster a Committed Leadership Team and Provide Continuity through Succession Planning

A committed senior leadership team is essential to fostering an agency's shared vision—i.e., its mission, vision for the future, core values, goals and strategies—aligning organizational components so that the agency can best pursue this vision and building a commitment to the vision at all levels of the organization. To become a high-performance organization, an agency needs senior leaders who are drivers of continuous improvement and whose styles and substance are in accord with the way the agency sees its mission and its own character.

To create a workforce that shares this vision and is aware of the contribution that each employee can and must make toward achieving it, the agency's senior leaders must work as a team to convey a clear and consistent portrayal of this vision throughout the organization through their word, deeds, and the example they set.

Career managers may bring differing values to the team, but they must work at building mutual understanding and trust and at committing themselves to a shared set of goals for their agency. These goals can take years to achieve, so the agency must have a succession planning strategy that ensures a sustained commitment and continuity of leadership even as individual leaders arrive or depart.

Key Questions	What to Look For
Has the organization defined its leaders' roles, responsibilities, attributes and competencies and the performance expectations it has for them in its shared vision?	- An explicit alignment of leaders' performance standards with the organization's shared vision. - Indications that the organization uses its leadership standards when making hiring and executive development decisions. - Industry benchmarks for executive-level performance management at organizations with similar missions and circumstances.
Do high-level leaders pursue an explicit strategy to build teamwork, communicate the organization's shared vision in clear and consistent terms to all levels of the organization and receive feedback from employees?	- Efforts by high-level leaders to build teamwork, reinforce a shared vision for leading the organization. - A formal organization-wide communications strategy including opportunities for feedback from new, current, and exiting employees - Results of focus groups or employee surveys.
Does the organization take steps to ensure continuity of leadership through executive succession planning?	- A formal succession plan. - Discussion of succession planning in any strategic or human capital planning documents. - Review of current and emerging leaderships needs.

	• Investments in an executive development program that includes planned developmental opportunities, learning experiences, and feedback for executive-level candidates. • Selection criteria for executive candidates specifically linked to the organization's shared vision and board expectations it has for its leaders. • Information from personnel files on the attrition rates, retirement eligibility, and retirement rates for its high-level employees. • Statistics on the percentage of leaders brought in through external recruitment or promoted internally. • Evidence that the organization has active executive development programs such as mentoring or job shadowing.

Talent: Recruit, Hire, Develop, and Retain Employees with the Skills for Mission Accomplishment

A high-performance organization demands a dynamic, results-oriented workforce with the talents, multidisciplinary knowledge, and up-to-date skills to enhance the agency's value to its clients and ensure that it is equipped to achieve its mission. Because mission requirements, client demands, technologies, and other environmental influences change rapidly, a performance-based agency must continually monitor its talent needs. It must be alert to the changing characteristics of the labor market. It must identify the best strategies for filling its talent needs through recruiting and hiring and follow-up with the appropriate investments to develop and retain the best possible workforce.

Its compensation and benefits programs, workplace facilities and work/family arrangements should be viewed from the perspective of how well they help the agency compete for and retain the best talent available and then get the best mission performance from that talent. In addition, talent must be continuously developed through education, training, and opportunities for continued growth. The agency must match the right people to the right jobs, and in the face of finite resources, be prepared to employ matrix management principles, maintain the flexibility to redeploy its human capital and realigning structures and work processes to maximize economy, efficient, and effectiveness.

Structures and work arrangements must be fashioned to avoid "stovepiping" or "siloing" and draw upon the strengths of the various organizational components. "Cross-functional teams, including "just-in-time teams" and "virtual teams" whose members may not work in the same physical location, can be used as a flexile means of focusing talent on specific tasks.

Key Question	What to Look For
Does the organization have a recruiting and hiring strategy targeted to fill short- and long-term human capital needs and, specifically, to fill gaps identified through its workforce planning efforts?	• A formal recruiting and hiring plan. • An explicit link between the organization's recruiting efforts and the identified "skills needs." • An active recruiting program with involvement of high-level leaders and line managers. • Indications that recruits are of high quality and are being brought on board in a timely fashion. • Statistics from personnel files on the average time taken to recruit and hire; comparable industry benchmarks. • Evidence that organization leaders are actively overseeing recruiting and hiring programs to ensure fair and unbiased hiring.

	• Demographic statistics on the organization's diversity profile over time.

Performance Culture: Enable and Motivate Performance While Ensuring Accountability and Fairness for All Employees

High performance organizations foster a work environment in which people are enabled and motivated to contribute to continuous learning and improvement and mission accomplishment; that provides both accountability and fairness for all employees. A high-performance agency's approach to its workforce is inclusive and draws on the strengths of employees at all levels and of all backgrounds. It maintains a workplace in which honest two-way communications and fairness are a hallmark, perceptions of unfairness are minimized, and workplace disputes are resolved by fair and efficient means. High-performance organizations also have a holistic view of employees as key stakeholders, realizing that a variety of services, facilities, activities, and opportunities can be meaningful to employees and enhance their loyalty and commitment.

A commitment to continuous learning and improvement can help an agency to not only respond to change, but to anticipate change, create new opportunities for itself, and pursue a shared vision that is ambitious and achievable. Incentives are particularly important in steering the workforce; they must be results-oriented, client-based, realistic, and suspect to balanced measures that reveal the multiple dimensions of performance. Incentives should be part of a performance management system under which employees' performance expectations are aligned with the agency's mission and in which personal accountability for performance is reinforce by both reward and consequences. Because agencies are increasingly technology-driven and knowledge-based, high-performing agencies ensure that their employees have the right information technology resources to do their work and to gather and share information.

Key Question	What to Look For
Is the organization's performance management system designed to improve individual and team performance and to steer the workforce toward embodying and effectively pursuing the organization's shared vision?	• A description of the organization's personnel policy manual or other documents of the design and intent of its performance management system, with explicit emphasis on performance improvement on linking individual and team performance to the organization's shared vision. • A reflection of varied performance considerations, such as client demands, resource limits, technology use, and level of effort. • Explicit performance-based rewards and consequences.
Are meaningful performance incentives in place to support the organization's performance management system?	• Performance incentives operating at the organizational, team, and individual levels. Indications that incentives are clearly and meaningfully linked to the performance management system.

	• Incentives are results-oriented, client-based, realistic, and subject to balanced measures that reveal the multiple dimensions of performance. • Benchmarking against high-performance organizations with similar mission and circumstances.
Does the organization encourage and motivate employees to contribute to continuous learning and improvement?	• A statement of the organization's strategic plan or other documents of the value placed on continuous learning and improvement. • Training and mentoring programs specifically aimed at promoting continuous learning and improvement.
Are managers and supervisors expected, prepared, and trained to help steer the workforce toward the pursuit of the organization's shared vision?	• Indications drawn from managerial and supervisory position descriptions and performance evaluations that selections, promotions, and performance evaluations are based to a significant extent on the human capital competencies needed to support the organization's shared vision.
Are job processes, tools, and mission support structures tailored to help employees effectively, economically, and efficiently pursue their work?	• Indications that decisions involving new core business processes, strategies, and tools have been designed to support quality, productivity, and accountability.
Are employees making the best use of information technology to perform their work and to gather and share knowledge?	• The organization's information technology plan, with emphasis on the alignment of the organization's information technology programs with its mission, goals, and strategies.
Does the organization maintain an environment characterized by the inclusiveness and a variety of styles and personal backgrounds and that is responsive to the needs of diverse groups of employees?	• A written affirmative action policy or discussion of inclusiveness in the organization's human capital plan or other documents. • Training for staff in team building and conflict avoidance and resolution.
Are relations between the organization's workforce and its management grounded in a mutual effort to achieve the organization's shared vision?	• Feedback from employees on their commitment to the agency's shared vision and their views of management's efforts on communication and coordination.

APPENDIX B

TEN UNDERLYING AND INTERRELATED PRINCIPLES
OF HUMAN CAPITAL MANAGEMENT
COMMON TO NINE PRIVATE SECTOR ORGANIZATIONS

(GAO/GGD-00-28, PP. 6-17)

Principle 1. Treat human capital management as being fundamental to strategic business management. Human capital issues were of strategic importance to overall business management because recruiting, hiring, developing, and retaining employees who have the specific competencies and behaviors needed to support missions and goals enable the organizations to achieve high performance. Organizations explicitly incorporated human capital issues when developing their strategic missions, strategies, and core values as well as when designing and implementing specific policies and practices. Organizations (a) included language on the importance of human capital as part of their corporate mission, (b) included human capital goals in strategic plans, and/or (c) adopted core values and management models that incorporate human capital and strategic business management.

Principle 2. Integrate human capital functional staff into management teams. Private sector organizations studied included human capital functional staff on management teams rather than isolating them organizationally. Human capital staff must assume responsibility beyond providing personnel administration services by participating as full members of management teams and ensuring the teams proactively address human capital issues. Organizations involved human capital staff as decision makers and internal consultants by having leaders (a) serve on senior executive planning committees, (b) consult directly with line managers regarding specific human capital strategies, and (c) offer expert advice through centralized human capital offices or intranet sites.

Principle 3. Leverage the internal human capital function with external expertise. The competencies of human capital staffs in private sector organizations were leveraged by seeking external expertise from consultants, professional associations, and other organizations. External experts (a) provided cost-efficient and specialized expertise on an as-needed basis, (b) introduced a fresh perspective to addressing organizations' human capital challenges, (c) allowed organizations to benchmark their human capital policies and practices against those of other organizations, and (d) ensured confidentially when obtaining employees' input on human capital issues.

Principle 4. Hire, develop, and sustain leaders according to leadership characteristics identified as essential to achieving specific missions and goals. Private sector organizations considered developing and sustaining their leaders to be a critical success factor to effective human capital management, and ultimately, to achieving organizations' missions and goals. Organizations commonly established central training sites or universities that provided training specially targeted as assessing, developing, and maintaining those leadership characteristics among their current and future leaders.

Principle 5. Communicate a shared vision that all employees, working as one team, can strive to accomplish. Private sector research found that the organizations generally said they communicated a consistent vision about the organizations' missions, goals, and core values. As a result, the organizations' employees had a shared or common understanding of how their individual—and more importantly, their combined—efforts contributed to the organizations' overall results and success. The focus organizations used several communication formats to build organizational teamwork, including formats that encouraged or enable two-way communication between leaders and employees to create a line-of-sight between employees' efforts and their organizations' outcomes.

Principle 6. Hire, develop, and retain employees according to competencies. Private sector organizations placed particular emphasis on maintaining a pool of employees who exhibited competencies that they deemed essential to achieving their specific missions and goals. After identifying these competencies, the organizations implemented human capital policies and practices that were designed to competitively hire, develop, and retain employees with the desired competencies within their industry and market locations.

Principle 7. Use performance management systems, including pay and other meaningful incentives, to link performance to results. Performance management systems, including pay and other meaningful incentives, were used by studied organizations to link performance to the achievement of the organizations' missions and goals. To promote this linkage, the organizations generally implemented pay for performance, profit sharing, variable pay or some combination of approaches as well as various incentive policies. The organizations commonly attempted to balance their pay and incentive programs to encourage both individual and team-based high performance.

Principle 8. Support and reward teams to achieve high performance. Private sector organizations commonly supported and rewarded teams as a means of achieving high performance. The organizations implemented a variety of mechanisms to promote work as teams, including the use of cross-functional or matrixed teams to address strategic goals or customer-specific needs, and team based incentives and reward programs.

Principle 9. Integrate employees input into the design and implementation of human capital policies and practices. Input from employees on a periodic basis was commonly sought by private sector organizations and explicitly addressed and used to adjust their human capital strategies and practices. Employee input was captured through employee satisfaction surveys, convening focus groups, and including employees on task forces. Organizations sought to draw on employees' frontline knowledge of work processes and customer needs and to empower employees to contribute constructive ideas for improvement to the organizations' existing human capital policies and practices.

Principle 10. Measure the effectiveness of human capital policies and practices. Private sector organizations generally measured the effectiveness of their human capital policies and practices using a wide variety of approaches and indicators. Developing fact-based measures by which to judge not only bottom-line results but also the success of specific human capital strategies and practices were deemed important but difficult. Measures of organizational performance, outputs and outcomes, and customer and employee satisfaction helped employees understand how their efforts directly contributed to the organizations' success. Such measures helped hold managers accountable for designing and implementing human capital strategies that supported the organizations' missions and goals.

APPENDIX C

**MALCOLM BALDRIGE NATIONAL QUALITY AWARD:
2000 CRITERIA FOR PERFORMANCE EXCELLENCE**

A resource used by the GAO to construct the Human Capital Self-Assessment

1. LEADERSHIP

    1.1   Organizational Leadership
    1.2   Public Responsibility and Citizenship

2. STRATEGIC PLANNING

    2.1   Strategy Development
    2.2   Strategy Deployment

3. CUSTOMER AND MARKET FOCUS

    3.1   Customer and Market Knowledge
    3.2   Customer Satisfaction and Relationships

4. INFORMATION AND ANALYSIS

    4.1   Measurement of Organizational Performance
    4.2   Analysis of Organizational Performance

5. HUMAN RESOURCE FOCUS

    5.1   Work Systems
    5.2   Employee Education, Training, and Development
    5.3   Employee Well-Being and Satisfaction

6. PROCESS MANAGEMENT

    6.1   Product and Service Processes
    6.2   Support Processes
    6.3   Supplier and Partnering Processes

7. BUSINESS RESULTS

    7.1   Customer Focused Results
    7.2   Financial and Market Results
    7.3   Human Resource Results
    7.4   Supplier and Partner Results
    7.5   Organizational Effectiveness Results

1. LEADERSHIP

The *Leadership* category examines how your organization's senior leaders address values and performance expectations, as well as a focus on customers and other stakeholders, empowerment, innovation, learning, and organizational directions. Also examined is how your organization addresses its responsibilities to the public and supports its key communities.

1.1 Organizational Leadership

Describe how senior leaders guide your organization and review organizational performance. Within your response, include answers to the following questions:

a. Senior Leadership Direction

(1) How do senior leaders set, communicate, and deploy organizational values, performance expectations, and a focus on creating and balancing value for customers and other stakeholders? Include communication and deployment through your leadership structure and to all employees.

(2) How do senior leaders establish and reinforce an environment for empowerment and innovation, and encourage and support organizational and employee learning?

(3) How do senior leaders set directions and seek future opportunities for your organization?

b. Organizational Performance Review

(1) How do senior leaders review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing organizational needs? Include the key performance measures regularly reviewed by your senior leaders.

(2) How do you translate organizational performance review findings into priorities for improvement and opportunities for innovation?

(3) What are your key recent performance review findings, priorities for improvement, and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners and key customers to ensure organizational alignment?

(4) How do senior leaders use organizational performance review findings and employee feedback to improve their leadership effectiveness and the effectiveness of management throughout the organization?

1.2 Public Responsibility and Citizenship

Describe how your organization addresses its responsibilities to the public and how your organization practices good citizenship. Within your response, include answers to the following questions:

a. Responsibilities to the Public
(1) How do you address the impacts on society of your products, services, and operations? Include your key practices, measures, and targets for regulatory and legal requirements and for risks associated with your products, services, and operations.
(2) How do you anticipate public concerns with current and future products, services, and operations? How do you prepare for these concerns in a proactive manner?
(3) How do you ensure ethical business practices in all stakeholder transactions and interactions?

b. Support of Key Communities
How do your organization, your senior leaders, and your employees actively support and strengthen your key communities? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

2. STRATEGIC PLANNING
The *Strategic Planning* category examines your organization's strategy development process, including how your organization develops strategic objectives, action plans, and related human resource plans. Also examined are how plans are deployed and how performance is tracked.

2.1 Strategy Development
Describe your organization's strategy development process to strengthen organizational performance and competitive position. Summarize your key strategic objectives. Within your response, include answers to the following questions:

a. Strategy Development Process
(1) What is your strategic planning process? Include key steps and key participants in the process.
(2) How do you consider the following key factors in your process? Include how relevant data and information are gathered and analyzed. The factors are:
• customer and market needs/expectations, including new product/service opportunities
• your competitive environment and capabilities, including use of new technology
• financial, societal, and other potential risks
• your human resource capabilities and needs
• your operational capabilities and needs, including resource availability
• your supplier and/or partner capabilities and needs

b. Strategic Objectives
What are your key strategic objectives and your timetable for accomplishing them? In setting objectives, how do you evaluate options to assess how well they respond to the factors in 2.1a(2) most important to your performance?

2.2 Strategy Deployment
Describe your organization's strategy deployment process. Summarize your organization's action plans and related performance measures. Project the performance of these key measures into the future. Within your response, include answers to the following questions:

a. Action Plan Development and Deployment
(1) How do you develop action plans that address your key strategic objectives? What are your key short and longer-term action plans? Include key changes, if any, in your products/services and/or your customers/markets.
(2) What are your key human resource requirements and plans, based on your strategic objectives and action plans?
(3) How do you allocate resources to ensure accomplishment of your overall action plan?
(4) What are your key performance measures and/or indicators for tracking progress relative to your action plans?
(5) How do you communicate and deploy your strategic objectives, action plans, and performance measures/indicators to achieve overall organizational alignment?

b. Performance Projection
(1) What are your two-to-five year projections for key performance measures and/or indicators? Include key performance targets and/or goals, as appropriate.
(2) How does your projected performance compare with competitors, key benchmarks, and past performance, as appropriate? What is the basis for these comparisons?

3. CUSTOMER AND MARKET FOCUS
The *Customer and Market Focus* category examines how your organization determines requirements, expectations, and preferences of customers and markets. Also examined is how your organization builds relationships with customers and determines their satisfaction.

3.1 Customer and Market Knowledge
Describe how your organization determines short- and longer-term requirements, expectations, and preferences of customers and markets to ensure the relevance of current products/services and to develop new opportunities. Within your response, include answers to the following questions:

a. Customer and Market Knowledge
(1) How do you determine or target customers, customer groups, and/or market segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?

(2) How do you listen and learn to determine key requirements and drivers of purchase decisions for current, former, and potential customers? If determination methods differ for different customers and/or customer groups, include the key differences.

(3) How do you determine and/or project key product/service features and their relative importance/value to customers for purposes of current and future marketing, product planning, and other business developments, as appropriate? How do you use relevant information from current and former customers, including marketing/sales information, customer retention, won/lost analysis, and complaints, in this determination?

(4) How do you keep your listening and learning methods current with business needs and directions?

3.2 Customer Satisfaction and Relationships

Describe how your organization determines the satisfaction of customers and builds relationships to retain current business and to develop new opportunities. Within your response, include answers to the following questions:

a. Customer Relationships

(1) How do you determine key access mechanisms to facilitate the ability of customers to conduct business, seek assistance and information, and make complaints? Include a summary of your key mechanisms.

(2) How do you determine key customer contact requirements and deploy these requirements to all employees involved in the response chain?

(3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall organizational improvement.

(4) How do you build relationships with customers for repeat business and/or positive referral?

(5) How do you keep your approaches to customer access and relationships current with business needs and directions?

b. Customer Satisfaction Determination

(1) What processes, measurement methods, and data do you use to determine customer satisfaction and dissatisfaction? Include how your measurements capture actionable information that reflects customers' future business and/or potential for positive referral. Also include any significant differences in processes or methods for different customer groups and/or market segments.

(2) How do you follow up with customers on products/services and recent transactions to receive prompt and actionable feedback?

(3) How do you obtain and use information on customer satisfaction relative to competitors and/or benchmarks, as appropriate?

(4) How do you keep your approaches to satisfaction determination current with business needs and directions?

4. INFORMATION AND ANALYSIS

The *Information and Analysis* category examines your organization's performance measurement system and how your organization analyzes performance data and information.

4.1 Measurement of Organizational Performance

Describe how your organization provides effective performance measurement systems for understanding, aligning, and improving performance at all levels and in all parts of your organization. Within your response, include answers to the following questions:

a. Measurement of Organizational Performance

(1) How do you address the major components of an effective performance measurement system, including the following key factors?

• selection of measures/indicators, and extent and effectiveness of their use in daily operations

• selection and integration of measures/indicators and completeness of data to track your overall organizational performance

• selection, and extent and effectiveness of use of key comparative data and information

• data and information reliability

• a cost/financial understanding of improvement options

• correlations/projections of data to support planning

(2) How do you keep your performance measurement system current with business needs and directions?

4.2 Analysis of Organizational Performance

Describe how your organization analyzes performance data and information to assess and understand overall organizational performance. Within your response, include answers to the following questions:

a. Analysis of Organizational Performance

(1) How do you perform analyses to support your senior executives' organizational performance review and your organizational planning? How do you ensure that the analyses address the overall health of your organization, including your key business results and strategic objectives?

(2) How do you ensure that the results of organizational-level analysis are linked to work group and/or functional-level operations to enable effective support for decision making?

(3) How does analysis support daily operations throughout your organization? Include how this analysis ensures that measures align with action plans.

5. Human Resource Focus
The *Human Resource Focus* category examines how your organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. Also examined are your organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth.

5.1 Work Systems
Describe how your organization's work and job design, compensation, career progression, and related work force practices enable employees to achieve high performance in your operations. Within your response, include answers to the following questions:

a. Work Systems
(1) How do you design, organize, and manage work and jobs to promote cooperation and collaboration, individual initiative, innovation, and flexibility, and to keep current with business needs?
(2) How do your managers and supervisors encourage and motivate employees to develop and utilize their full potential? Include formal and/or informal mechanisms you use to encourage and support employees in job- and career-related development/learning objectives.
(3) How does your employee performance management system, including feedback to employees, support high performance?
(4) How do your compensation, recognition, and related reward/incentive practices reinforce high performance?
(5) How do you ensure effective communication, cooperation, and knowledge/skill sharing across work units, functions, and locations, as appropriate?
(6) How do you identify characteristics and skills needed by potential employees; how do you recruit and hire new employees? How do you take into account key performance requirements, diversity of your community, and fair work force practices?

5.2 Employee Education, Training, and Development
Describe how your organization's education and training support the achievement of your business objectives, build employee knowledge, skills, and capabilities, and contribute to improved employee performance. Within your response, include answers to the following questions:

a. Employee Education, Training, and Development
(1) How does your education and training approach balance short- and longer-term organizational and employee needs, including development, learning, and career progression?

(2) How do you design education and training to keep current with business and individual needs? Include how job and organizational performance are used in education and training design and evaluation.

(3) How do you seek and use input from employees and their supervisors/managers on education and training needs, expectations, and design?

(4) How do you deliver and evaluate education and training? Include formal and informal education, training, and learning, as appropriate.

(5) How do you address key developmental and training needs, including diversity training, management/leadership development, new employee orientation, and safety, as appropriate?

(6) How do you address performance excellence in your education and training? Include how employees learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.

(7) How do you reinforce knowledge and skills on the job?

5.3 Employee Well-Being and Satisfaction
Describe how your organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees. Within your response, include answers to the following questions:

a. Work Environment
How do you address and improve workplace health, safety, and ergonomic factors? How do employees take part in identifying these factors and in improving workplace safety? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on different work environments for employee groups and/or work units.

b. Employee Support Climate
(1) How do you enhance your employees' work climate via services, benefits, and policies? How are these enhancements selected and tailored to the needs of different categories and types of employees, and to individuals, as appropriate?

(2) How does your work climate consider and support the needs of a diverse work force?

c. Employee Satisfaction
(1) How do you determine the key factors that affect employee well-being, satisfaction, and motivation?

(2) What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse work force and to different categories and types of employees? How do you use other indicators such as employee turnover, absenteeism,

grievances, and productivity to assess and improve employee well-being, satisfaction, and motivation?

(3) How do you relate assessment findings to key business results to identify work environment and employee support climate improvement priorities?

6. PROCESS MANAGEMENT

The *Process Management* category examines the key aspects of your organization's process management, including customer-focused design, product and service delivery, support, and supplier and partnering processes involving all work units.

6.1 Product and Service Processes
Describe how your organization manages key product and service design and delivery processes. Within your response, include answers to the following questions:

a. Design Processes
(1) What are your design processes for products/services and their related production/ delivery processes?

(2) How do you incorporate changing customer/market requirements into product/service designs and production/delivery systems and processes?

(3) How do you incorporate new technology into products/services and into production/delivery systems and processes, as appropriate?

(4) How do your design processes address design quality and cycle time, transfer of learning from past projects and other parts of the organization, cost control, new design technology, productivity, and other efficiency/effectiveness factors?

(5) How do you ensure that your production/delivery process design accommodates all key operational performance requirements?

(6) How do you coordinate and test design and production/delivery processes to ensure capability for trouble-free and timely introduction of products/services?

b. Production/Delivery Processes
(1) What are your key production/delivery processes and their key performance requirements?

(2) How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?

(3) What are your key performance measures and/or indicators used for the control and improvement of these processes? Include how real-time customer input is sought, as appropriate.

(4) How do you improve your production/delivery processes to achieve better process performance and improvements to products/services, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

6.2 Support Processes
Describe how your organization manages its key support processes. Within your response, include answers to the following questions:

a. Support Processes
(1) What are your key support processes?
(2) How do you determine key support process requirements, incorporating input from internal and/or external customers, as appropriate? What are the key operational requirements (such as productivity and cycle time) for the processes?
(3) How do you design these processes to meet all the key requirements?
(4) How does your day-to-day operation of key support processes ensure meeting key performance requirements? How do you determine and use in-process measures and/or customer feedback in your support processes?
(5) How do you improve your support processes to achieve better performance and to keep them current with business needs and directions, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

6.3 Supplier and Partnering Processes
Describe how your organization manages its key supplier and/or partnering interactions and processes. Within your response, include answers to the following questions:

a. Supplier and Partnering Processes
(1) What key products/services do you purchase from suppliers and/or partners?
(2) How do you incorporate performance requirements into supplier and/or partner process management? What key performance requirements must your suppliers and/or partners meet to fulfill your overall requirements?
(3) How do you ensure that your performance requirements are met? How do you provide timely and actionable feedback to suppliers and/or partners? Include the key performance measures and/or indicators and any targets you use for supplier and/or partner assessment.
(4) How do you minimize overall costs associated with inspections, tests, and process and/or performance audits?
(5) How do you provide business assistance and/or incentives to suppliers and/or partners to help them improve their overall performance and to improve their abilities to contribute to your current and longer-term performance?
(6) How do you improve your supplier and/or partner processes, including your role as supportive customer/partner, to keep current with your business needs and directions? How are improvements shared throughout your organization, as appropriate?

7. BUSINESS RESULTS

The *Business Results* category examines your organization's performance and improvement in key business areas — customer satisfaction, product and service performance, financial and marketplace performance, human resource results, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors.

7.1 Customer Focused Results

Summarize your organization's customer focused results, including customer satisfaction and product and service performance results. Segment your results by customer groups and market segments, as appropriate. Include appropriate comparative data. Provide data and information to answer the following questions:

a. Customer Focused Results
(1) What are your current levels and trends in key measures and/or indicators of customer satisfaction, dissatisfaction, and satisfaction relative to competitors?
(2) What are your current levels and trends in key measures and/or indicators of customer loyalty, positive referral, customer-perceived value, and/or customer relationship building, as appropriate?
(3) What are your current levels and trends in key measures and/or indicators of product and service performance?

7.2 Financial and Market Results

Summarize your organization's key financial and marketplace performance results, segmented by market segments, as appropriate. Include appropriate comparative data. Provide data and information to answer the following questions:
a. Financial and Market Results
(1) What are your current levels and trends in key measures and/or indicators of financial performance, including aggregate measures of financial return and/or economic value, as appropriate?
(2) What are your current levels and trends in key measures and/or indicators of marketplace performance, including market share/position, business growth, and new markets entered, as appropriate?

7.3 Human Resource Results

Summarize your organization's human resource results, including employee well-being, satisfaction, development, and work system performance. Segment your results by types and categories of employees, as appropriate. Include appropriate comparative data. Provide data and information to answer the following questions:

a. Human Resource Results
(1) What are your current levels and trends in key measures and/or indicators of employee well-being, satisfaction and dissatisfaction, and development?

(2) What are your current levels and trends in key measures and/or indicators of work system performance and effectiveness?

7.4 Supplier and Partner Results
Summarize your organization's key supplier and partner results. Include appropriate comparative data. Provide data and information to answer the following question:

a. Supplier and Partner Results
What are your current levels and trends in key measures and/or indicators of supplier and partner performance? Include your performance and/or cost improvements resulting from supplier and partner performance and performance management.

7.5 Organizational Effectiveness Results
Summarize your organization's key operational performance results that contribute to the achievement of organizational effectiveness. Include appropriate comparative data. Provide data and information to answer the following questions:

a. Organizational Effectiveness Results
(1) What are your current levels and trends in key measures and/or indicators of key design, production, delivery, and support process performance? Include productivity, cycle time, and other appropriate measures of effectiveness and efficiency.
(2) What are your results for key measures and/or indicators of regulatory/legal compliance and citizenship? What are your results for key measures and/or indicators of accomplishment of organizational strategy?

APPENDIX D

MALCOLM BALDRIGE NATIONAL QUALITY AWARD:
2009 - 2010 CRITERIA FOR PERFORMANCE EXCELLENCE

Between 2000 and 2009, the Baldrige "building blocks" or criteria have remained the same notwithstanding the modernization of several categorical terms. Category 4. Information and Analysis and category 5. Human Resource Focus are now termed (4) Measurement, Analysis and Knowledge Management and (5) Workforce Focus. These category updates did bring about some changes within the Baldrige structure.

1. LEADERSHIP

      1.1   Senior Leadership
      1.2   Governance and Societal Responsibilities

2. STRATEGIC PLANNING

      2.1   Strategy Development
      2.2   Strategy Deployment

3. CUSTOMER FOCUS

      3.1   Customer Engagement
      3.2   Voice of the Customer

4. MEASUREMENT, ANALYSIS, AND KNOWLEDGE MANAGEMENT

      4.1   Measurement, Analysis, and Improvement of Organizational Performance
      4.2   Management of Information, Knowledge, and Information Technology

5. WORKFORCE FOCUS

      5.1   Workforce Engagement
      5.2   Workforce Environment

6. PROCESS MANAGEMENT

      6.1   Work Systems
      6.2   Work Processes

7. RESULTS

APPENDIX E

SUMMARY OF AUGUSTINE-REIMANN TELEPHONE INTERVIEW

Questions posed by Dr. William J. Rothwell
to Baldrige researcher William F. Augustine

- *What was the methodology used to identify and pinpoint the criteria?*
- *How do they know the criteria correlated to quality?*
- *Tell us how they built the "clock" – that is provide the steps they went through to discover what criteria are linked to quality.*
- *Was there research behind it or was it just "smoke and mirrors?"*
- *Where did they get the core values from and what research methodologies justify or warrant this approach?*

Summary of a taped telephone interview in response to W. J. Rothwell questions:
W. F. Augustine interview with C. W. Reimann, Winter 2004

The development of the award structure and criteria was a result of the written words of the Malcolm Baldrige National Quality Improvement Act of 1987 and of the architect of the assessment program itself, Curt W. Reimann.

During the period of 1985-early 1987, John Voudivert [*sic*] (correct name Hudiburg), [then] CEO of Florida Power and Light lobbied Congress to introduce and approve a National Quality Award. He was not having much success until Malcolm Baldrige, then Secretary of Commerce, was killed in a rodeo accident. After his death, someone in the Reagan administration suggested introducing a bill for a National Quality Award and naming in honor of Baldrige. This suggestion grew like wild fire and on August 20, 1987, a law was passed establishing the award. During the period of time from his death to the passing of the law, the leadership at the National Institute of Standards and Technology (NIST) became aware that if the law passed, they would be chosen to administer the award. Upon this notice, Curt Reimann, the Deputy Director of the National Measurement Laboratory, was informed he would lead the effort.

The main concern in design and development of the award, which Curt had to consider, was the legislative language of the written law itself. In essence, the law required an application process, business community development, and sharing of lessons learned. The intent of the award was to recognize and create awareness for those who achieved and demonstrated improvements in products and services and agree to share their lessons learned with the business community. The purpose of this award was to accomplish what the Deming prize accomplished in Japan. Furthermore, the Reagan administration selected NIST to develop and house the award realizing NIST has a long history and

tradition working on consensus standards and non-prescriptive approaches built around some kind of purpose.

Curt became aware that his selection to lead this effort was a result of his on-going work in the 80's on process and quality control of technical standards which made him aware of what was going on in the quality community. His focus to that point was not on management but on technical requirements for measurement. This work brought him into contact with people from professional associations.

As soon as NIST realized the law would pass, Curt started doing general readings on quality topics and figures, talking to people in quality circles, and gathering materials from other awards such as the Deming prize, general literature, and awards such as awarded by NASA and ASQ. This effort was focused on criteria and process design including multi-stage evaluation and broad involvement of the national community. He interviewed people recognitized in the quality field such as Deming, Crosby, Juran and Feigenbaum. Additionally he interviewed quality directors of organizations, ASQ members, and quality council members from the manufacturing firms of Honeywell, Corning, IBM, and Xerox.

Time started to become a concern when the Reagan administration informed NIST that Ronald Reagan wanted to present the first year award winners prior to leaving office which only gave Curt about five months to develop the criteria and structure. So over the ensuing few months, his focus was on laying out the structure for design of the criteria and the review system as well as developing a network of interested parties to encourage involvement and support, solicit advice, and solicit commitments from people to participate on the review committees. He found most support was coming from the manufacturing industries since this group was most concerned about quality issues.

The seven categories developed by Curt were leadership, strategic planning, customers, employees, processes, information systems and the scorecard. Through all of his efforts, he could never find another to add nor find one to delete. His effort focused on developing the shortest list because it's an important principle from anything from technical to sociological principle. You try to reduce things to a minimum because otherwise you're describing everything in multiple and confusing ways. As a technical person, he viewed the structure as six dimensional where the practices would all convey some element of those six dimensions and, that in describing the practices, they were in some sense things people needed to know about what you were doing to be able to understand it, see if it is working, replicate it or whatever. He also needed to do this for two reasons. First, he believed this approach was fundamentally correct and second, was to avoid selecting an approach that was perceived to be connected to some philosophy or approach of one of the dulling factions. He viewed it as a continuous evolving tool that will change based on the marketplace. The principle of the award is continuous improvement so why not allow the structure and criteria to experience the same intent?

He believed in the field of endeavor that rises to significance in terms of knowledge structure having a component of knowledge like the field of chemistry which was Curt's area of expertise. He believed that a discipline like law tends to have components of knowledge which are in effect validated by their acceptance in various circles including academic circles. Quality to Curt at the time and even now, was extremely border line in terms of its foundation except on the very technical side which tends to be statistically oriented but on the management side the field at the time consisted of dulling factions with competing prescriptions. The Deming and Crosby camps were communities of practice with there own prescriptions of what people should do. Curt made their personal commitment that they were not going to base the award on preconceived prescriptions but rather they wanted to go up to the next conceptual level where the component of practice that all prescriptions ultimately fit in one way or another. Curt wanted to escape the day to day dulling in the marketplace between the camps that promoted their own approaches and focus on the enduring components of practice.

The ultimate Baldrige award design was a unique design because it was an integrated concept to manage the award into the future. Curt was most concerned about the structure because if it was faulty, it would cause numerous other problems. He envisioned changes to the inside of the structure but not to the building blocks themselves.

The core values were introduced two or three years after the award was up and running. It occurred to Curt that people were always describing some of their value systems which would allow Curt to gain something in larger comprehension of the criteria – also of the purposes if we added some category item commentary and some philosophical under pinning including core values.

APPENDIX F

STUDY PROTOCOL

**Perceptions of Strategic Planning, Organizational Alignment, and Talent:
A Multiple Site Case Study of Small Businesses in Pennsylvania**

I. Purpose of the Study

The purpose of this study is to investigate how small businesses develop their human capital policies and practices and explore three key factors that may enhance the effectiveness of an organization's human capital system: Strategic Planning, Organizational Alignment, and Talent. Findings from this study will aid in understanding common human capital system development in small businesses and identify the key critical business factors that may make human capital development more effective.

II. Field Procedures

1. Letter of introduction/invitation (see page 3 in this packet) to participate in case study will be mailed to the highest ranking executive in 31 organizations (with between 100 to 500 employees) that ranked in the 2007 Best Places to Work in Pennsylvania survey. The letter of invitation requests that if the highest ranking executive of the organization is interested in their organization participating in the study respond to the author by either telephone or email.

2. From the responding organizations, four will be selected by the author based on a matrix that measures number of employees, type of business, and location of business (see page 4 in this packet). The matrix is to assist in securing the greatest variation in employee size, type and location of organizations.   The author will request the names of those to be interviewed from each organization. Primary information collection will be through the author interviewing, in person, the most active senior executive in the selected organizations as well as the human resource director/manager, human resource development/training professionals plus several key "line" managers and other high potential employees.

3. If there is not a total of four organizations from the 2007 Best Places to Work in Pennsylvania survey agreeing to participate in the research, the balance will be recruited from the 2006 Best Places to Work in Pennsylvania survey.

4. After making final study selections, the author will explain the PSU IRB human subject requirements to **all** participants and ask each to sign an **Implied Informed Consent Form.** Each organization will be asked to prepare and forward to PSU IRB a letter confirming participation in the study.

5. Arrange with each organization interview dates and times.

6. Begin interview process.

7. Answer questions of participants.

8. Thank the participants in writing for contributing to the research.

9. Inform participants when a copy of the final research will be provided to them.

III. Interview Guides (see Appendix G)

1. Interview Guide for senior executive

2. Interview Guide for human resource director/manager

3. Interview Guide for human resource development/training professional

4. Interview Guide for line manager

5. Interview Guide for high potential employee

IV. Guide for the Case Study Report

1. Individual Case Study Reports (four)
   Case Overview
   • Background of organization
   • Organization structure
   • Strategic planning practices
   • Organizational alignment practices
   • Talent management practices
   Within-Case Analysis
   • Selection and background of interview subjects
   • Strategic planning models relating to human capital
   • General organizational alignment processes relating to human capital
   • General talent management strategy
     o Major problems and challenges of recruiting and retention
     o Role of learning (training) and development and effectiveness of programs
     o Succession planning
   • Key factors contributing to development of human capital

2. Cross-Case Analysis matrices

(Invitation to Participate in Research on official WFED Penn State letterhead)

May 25, 2008

«‹AddressBlock»»

Dear «‹GreetingLine»»

Congratulations to «Company_Name» on being named as one of the 2007 "Best Places to Work in Pennsylvania." Your organization is to be lauded for its positive efforts and dedication to employee development and worker satisfaction. Your positive, forward-looking workforce initiatives are important to small businesses because of the increasing challenges in recruiting, developing, and retaining an adequate workforce.

As my current academic research focuses on how human capital (employee) development might link with strategic planning and organizational alignment, I am seeking four leading businesses in Pennsylvania to participate in a study of firms with between 100 and 499 employees. This new research will explore how to maximize several key business factors to improve efficiencies and effectiveness in the development of the small business workforce.

The results of these four studies will be compiled and reported in a publication entitled *Key Business Factors that Contribute to Effective Human Capital Development: A Multiple Case Study of Small Businesses in Pennsylvania.* Primary information collection will be through my interviewing you—or someone of your choosing—as the most active senior executive in your organization as well as the human resource director/manager, human resource development/training professionals plus several key "line" managers and other high potential employees. All interview participants and names of the businesses will be reported anonymously.

This publication will be submitted as the dissertation requirement for completion of my doctoral program in Workforce Education and Development at Penn State University. Dr. William J. Rothwell, noted Penn State professor, international consultant and author, is supervising this study, and the Penn State Office for Research Protections is overseeing my work to insure that it complies with all applicable research policies and regulations.

Please consider participating in this very important human capital research. In return for your involvement, a complimentary copy of this study will be sent to you. If you agree to participate in this benchmark study or would like more details, please reply to either my Penn State University e-mail address—rdj116@psu.edu—or call me at 717-439-3574.

Thank you in advance for your willingness to help shape the future of human capital development in small businesses. I look forward to speaking with you. (Signature)

Site's Letter Head Stationery to Office for Research Protections

Date:

Dolores W. Maney, Ph.D.
Research Compliance Coordinator, CIM
Office for Research Protections
201 Kern Building
Penn State University
University Park, PA 16802
EMAIL: dwm3@psu.edu
TELEPHONE: 814-865-1775
FAX: 814-863-8699

Dear Dr. Maney:

The purpose of this letter is confirm that as *INSERT TITLE OF PERSON IN DECISION MAKING CAPACITY*, at the *name of organization* where *INSERT RESEARCHER'S NAME* intends to conduct the proposed research, I am aware of the scope of the investigation and agree to provide access to our (*students, members, clients, customers, members, patients*). I have *MET WITH, DISCUSSED, and or COMMUNICATED WITH (NAME OF THE RESEARCHER)* about the research design, recruitment plans, consent process, data collection procedures, and data analysis and reporting for *IRB# (IF ONE HAS BEEN ISSUED)or inset exact title listed on the original application to the ORP*. I support this research and will allow access for data collection purposes.

With regard to the data collection methods, I understand that the *XXXXX* will occur at (*refer to the organization*) and have agree to support *NAME OF RESEARCHER* in this research endeavor.

If you have any questions or I may provide additional information, please feel free to let me know.

Sincerely,

NAME OF PERSON IN DECISION MAKING CAPACITY
TITLE
ORGANIZATION NAME
ADDRESS
CITY, STATE, ZIP CODE
PHONE NUMBER:
FAX:
EMAIL ADDRESS:

APPENDIX G

INTERVIEW GUIDES

Senior Executive

Human Resource Development Officer

Human Resource Director

Line Managers

High Potential Employees

Interview Guide for Senior Executive

Contact Information
Organization_____
Name of Contact_____ Title_____
Date_____ Start _____ End_____

ELEMENTS	KEY QUESTIONS
Strategic Planning	1. Does your organization have a clearly defined and well-communicated shared vision—that is, a mission, vision for the future, core values, goals and objectives, and strategies—by which the organization has defined its direction and its expectations for itself and its employees? 1) Has the organization created a coherent human capital strategy—that is, a framework of human capital policies, programs, and practices specifically designed to steer the organization toward achieving its shared vision and integrating this strategy with the organization's overall strategic planning?
Organizational Alignment	2. Does the organization have an explicit workforce planning strategy—linked to its strategic and program planning efforts—to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the organization to pursue its shared vision? Does the organization rely on its "personnel" or "HR" professionals" (human capital professionals) to: (1) contribute a human capital perspective to the organization's broader strategic planning process? (2) provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination, and counseling? (3) lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?
Talent	3. Does the organization have a recruiting and hiring strategy that is targeted to fill short- and long-term human capital needs and, specifically, to fill gaps identified through its workforce planning efforts?
	4. Does the organization make appropriate investments in education, training, and other developmental opportunities to help its employees build the competencies needed to achieve the organization's shared vision?
	5. Is the deployment of the organization's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?
	6. Does the organization's compensation system help it attract, motivate, retain, and reward the people it needs to pursue its shared vision?
	7. Does the organization provide the flexibilities, facilities, services, and work/life programs to help it compete for talent and enhance employee satisfaction and commitment to the organization and its shared vision?

This concludes my questions. Do you have any comments, follow-up issues, or questions for me?

Field Observations

Interview Guide for HR Development Officer

Contact Information
Organization_____
Name of Contact_____ Title_____
Date_____ Start _____ End_____ ___

ELEMENTS	KEY QUESTIONS
Strategic Planning	1. Does your organization have a clearly defined and well-communicated shared vision—that is, a mission, vision for the future, core values, goals and objectives, and strategies—by which the organization has defined its direction and its expectations for itself and its employees? (1) Has the organization created a coherent human capital strategy—that is, a framework of human capital policies, programs, and practices specifically designed to steer the organization toward achieving its shared vision and integrating this strategy with the organization's overall strategic planning?
Organizational Alignment	2. Does the organization have an explicit workforce planning strategy—linked to its strategic and program planning efforts—to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the organization to pursue its shared vision? Does the organization rely on its "personnel" or "HR" professionals" (human capital professionals) to: (1) contribute a human capital perspective to the organization's broader strategic planning process? (2) provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination, and counseling? (3) lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?
Talent	3. Does the organization have a recruiting and hiring strategy that is targeted to fill short- and long-term human capital needs and, specifically, to fill gaps identified through its workforce planning efforts?
	4. Does the organization make appropriate investments in education, training, and other developmental opportunities to help its employees build the competencies needed to achieve the organization's shared vision?
	5. Is the deployment of the organization's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?
	6. Does the organization's compensation system help it attract, motivate, retain, and reward the people it needs to pursue its shared vision?
	7. Does the organization provide the flexibilities, facilities, services, and work/life programs to help it compete for talent and enhance employee satisfaction and commitment to the organization and its shared vision?

This concludes my questions. Do you have any comments, follow-up issues, or questions for me?

Field Observations

Interview Guide for HR Director

Contact Information
Organization_____
Name of Contact_____ Title_____
Date_____ Start _____ End_____

ELEMENTS	KEY QUESTIONS
Strategic Planning	1. Does your organization have a clearly defined and well-communicated shared vision—that is, a mission, vision for the future, core values, goals and objectives, and strategies—by which the organization has defined its direction and its expectations for itself and its employees? Has the organization created a coherent human capital strategy—that is, a framework of human capital policies, programs, and practices specifically designed to steer the organization toward achieving its shared vision and integrating this strategy with the organization's overall strategic planning?
Organizational Alignment	2. Does the organization have an explicit workforce planning strategy—linked to its strategic and program planning efforts—to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the organization to pursue its shared vision? Does the organization rely on its "personnel" or "HR" professionals" (human capital professionals) to: (1) contribute a human capital perspective to the organization's broader strategic planning process? (2) provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination, and counseling? (3) lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?
Talent	3. Does the organization have a recruiting and hiring strategy that is targeted to fill short- and long-term human capital needs and, specifically, to fill gaps identified through its workforce planning efforts?
	4. Does the organization make appropriate investments in education, training, and other developmental opportunities to help its employees build the competencies needed to achieve the organization's shared vision?
	5. Is the deployment of the organization's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?
	6. Does the organization's compensation system help it attract, motivate, retain, and reward the people it needs to pursue its shared vision?
	7. Does the organization provide the flexibilities, facilities, services, and work/life programs to help it compete for talent and enhance employee satisfaction and commitment to the organization and its shared vision?

This concludes my questions. Do you have any comments, follow-up issues, or questions for me?

Field Observations

Interview Guide for Line Manager

Contact Information	
Organization_____	
Name of Contact_____ Title_____	
Date_____Start _____ End_____	

NOTE TO INTERVIEW PARTICIPANTS: DEFINING HUMAN CAPITAL

The concept of **human capital** focuses on the company's leadership viewing *employees as adding value to an organization* rather than looking at employees as only a "cost" of doing business. The more an organization "invests" in their employees, the more successful the organization will be. The term "invest" means many different things; not just compensation and training but other things such as benefits, career development initiatives, the physical workplace itself, and general employee satisfaction.

The other part of the human capital "equation" is the organization "practicing what it preaches?" In other words, the firm's mission, vision, goals and objectives and its human capital management (employees) should be directly linked to and reflected in each other.

ELEMENTS	KEY QUESTIONS
Strategic Planning	1. Does your organization effectively communicate to employees the mission, vision for the future, core values, goals and objectives? Does your organization communicate its direction and its expectations for itself and its employees? Does your organization have human capital (employee) policies, programs, and practices specifically designed to steer the organization toward achieving its shared vision?
Organizational Alignment	2. How does your organization communicate its workforce planning strategy that identifies its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the organization to pursue its shared vision? Who does the organization rely on to: (1) contribute a "human capital perspective" to the organization's broader strategic planning process? (2) provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination, and counseling? (3) lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?
Talent	3. What recruiting and hiring strategies target short- and long-term human capital needs?
	4. What investments does the organization make in education, training, and other developmental opportunities to help employees build the competencies needed to achieve the organization's shared vision?

	5. Is the deployment of the organization's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?
	6. How does the organization's compensation system help attract, motivate, retain, and reward the people needed to pursue the shared vision?
	7. What flexibilities, facilities, services, and work/life programs does the organization provide to help compete for talent and enhance employee satisfaction and commitment to the organization and its shared vision?

This concludes my questions. Do you have any comments, follow-up issues, or questions for me?

Field Observations

Interview Guide for High Potential Employee

Contact Information	
Organization_____	

Name of Contact_____ Title_____

Date_____ Start _____ End_____

NOTE TO INTERVIEW PARTICIPANTS: DEFINING HUMAN CAPITAL

The concept of **human capital** focuses on the company's leadership viewing *employees as adding value to an organization* rather than looking at employees as only a "cost" of doing business. The more an organization "invests" in their employees, the more successful the organization will be. The term "invest" means many different things; not just compensation and training but other things such as benefits, career development initiatives, the physical workplace itself, and general employee satisfaction.

The other part of the human capital "equation" is the organization "practicing what it preaches?" In other words, the firm's mission, vision, goals and objectives and its human capital management (employees) should be directly linked to and reflected in each other.

ELEMENTS	KEY QUESTIONS
Strategic Planning	1. Does your organization effectively communicate to employees the mission, vision for the future, core values, goals and objectives? Does your organization communicate its direction and its expectations for itself and its employees? Does your organization have human capital (employee) policies, programs, and practices specifically designed to steer the organization toward achieving its shared vision?
Organizational Alignment	2. How does your organization communicate its workforce planning strategy that identifies its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the organization to pursue its shared vision?
	Who does the organization rely on to:
	(1) contribute a "human capital perspective" to the organization's broader strategic planning process?
	(2) provide integrated mission support, participate as partners with line managers, and reach out to other organizational functions through facilitation, coordination, and counseling?
	(3) lead or assist in the organization's workforce planning efforts and in developing, implementing, and assessing human capital policies and practices that will help the organization achieve its shared vision?
Talent	3. What recruiting and hiring strategies target short- and long-term human capital needs?
	4. What investments does the organization make in education, training, and other developmental opportunities to help employees build the competencies needed to achieve the organization's shared vision?
	5. Is the deployment of the organization's workforce appropriate to mission accomplishment and keyed to efficient, effective, and economic operations?

	6. How does the organization's compensation system help attract, motivate, retain, and reward the people needed to pursue the shared vision?
	7. What flexibilities, facilities, services, and work/life programs does the organization provide to help compete for talent and enhance employee satisfaction and commitment to the organization and its shared vision?

This concludes my questions. Do you have any comments, follow-up issues, or questions for me?

Field Observations

VITA

Robert D. Jackson received a Bachelor of Science in Education degree in 1973 from Bloomsburg State College, Pennsylvania (now known as Bloomsburg University) with a major in business education. In 1994 he received a Master of Education degree with concentrated studies in training and development from Penn State Harrisburg.

He is director of the Keystone Academy for Learning, the enterprise learning initiative of the Governor's Office of Administration, Commonwealth of Pennsylvania. He is responsible for developing policy, curriculum, course delivery, as well as adjunct trainer recruitment to support training of commonwealth employees. He is an adjunct instructor in the training and development graduate program and the Master of Public Administration (MPA) program at Penn State Harrisburg. Courses taught include Foundation in Training and Development, Career and Succession Manage, and Human Resources for Trainers.

Prior to his current position, Jackson was the director of the Pennsylvania Management Associate Program, a prestigious one-year management development program for those entering state government with an earned graduate degree. He served as senior consultant for career development with the Pennsylvania Department of Transportation (PennDOT) and directed the PennDOT Leadership Academy for Supervisors and the PennDOT Leadership Academy for Managers.

He is a 30-year veteran of the Pennsylvania Air National Guard where he held numerous career advisor and education counselor positions. He last served as the state superintendent for Air National Guard recruiting and retention at State Headquarters, Department of Military and Veterans Affairs, Fort Indiantown Gap, Pennsylvania.

Jackson coauthored *Career Planning and Succession Management: Developing Your Organization's Talent—for Today and Tomorrow* with Dr. W. J. Rothwell, Dr. J. E. Lindholm and S. C. Knight. The volume has been translated into Korean and Chinese languages. He also coauthored "Navigating Pennsylvania's Dynamic Workforce: Succession Planning in a Complex Environment" with K. A. Helton which was published in the Winter 2007 issue of *Public Personnel Management,* the journal of the International Public Management Association for Human Resources.

Jackson is a life member of the Central PA Chapter ASTD (American Society for Training and Development) and served as chapter president in 1991 and 2001. He was honored with the chapter's first Lifetime Achievement Award for service to the profession. He is also a member of the Capital Area Public Human Resources Association in Harrisburg, PA. In recognition of outstanding contributions and dedicated service to his community, he was named a Jaycees International Senator (36192), United States Jaycees Ambassador (1327), and New York State Jaycees Governor (201).