

# TOWARDS THE DESIGN OF A HUMAN RESOURCE PLANNING MODEL: AN APPLICATION OF ANTHROPOLOGICAL THEORY TO THE CORPORATE ENVIRONMENT

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The capacity to plan for future personnel needs is becoming increasingly important to the success of American business. This special type of planning, known as human resource planning, generally consists of identifying the number of employees who possess various types and levels of skills required to carry out the corporation's business plans. The discrepancy between the number of employees expected to be available and the number needed represents a goal the corporation must meet, either through the accelerated development of new skills in current employees or through outside hiring. An alternative is to change business plans if the staffing requirements cannot be met at an acceptable cost.

Among the many factors responsible for the emergence of human resource planning are inflation; tension created by the movement of the "baby boom" generation through the labor force; Affirmative Action goals and regulations regarding the selection of employees for jobs; and the need for greater operating efficiency to support the aging industrial technology of the United States. Despite the need for effective human resource planning, there is a paucity of theoretical literature on the subject. This paper presents a model of human resource planning intended to stimulate the interest of both academic and applied anthropologists through the utilization of conventional anthropological theory in a new and fruitful arena.

Anthropology contributes valuable theoretical and methodological frameworks for developing and implementing plans within the corporation. These frameworks permit a synchronic and diachronic analysis of

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organizational experience. Although the specialized study of organizational behavior in other social sciences is useful for the resolution of certain types of problems, it does not offer a holistic theory that integrates levels of phenomena.<sup>1</sup> The interdependencies between the technology of the business, the structure of the organization, the nature of interpersonal relations, and the organizational climate must be understood before specific, applied problems can be properly addressed.

The lack of a theory and method for addressing the above interdependencies leaves few alternatives for the staff planner with the responsibility for designing a human resource planning system. Often her first step is to visit other corporations to see how their approaches work. These are generally selected from the limited number of corporations that have established credibility in the field of human resources planning. The discussions primarily consist of descriptions of the characteristics of the system. Amid the intricacies of skills inventory, job posting, and career path systems, the neophyte is repeatedly warned that the key to success lies not in a particular method, regardless of its simplicity or sophistication, but in designing one that "fits" the corporation.

Unfortunately, the concept of fit has not been developed in such a way that it provides a meaningful framework for the evaluation of alternative approaches to human resource planning. Although the concept of fit is considered crucial to the design process, it appears to be understood by planners on an *intuitive* basis. The problems can be attributed partially to the planner's inability to deal with the nature of the total corporate entity. The planner cannot manipulate the mechanisms of change and continuity without knowing the dimensions and dynamics of the affected universe.

My research suggests that corporations share many of the characteristics of cultures and for heuristic purposes can be considered as if they are cultures. Whether they do, in fact, possess a culture is a discussion that lies outside the scope of this paper. Although corporations are frequently referred to as possessing a culture in many popular forums, the organizational development specialists who work within corporations and/or study them have given little serious attention to such a view. Nevertheless, some of the most successful studies of corporate life have been anthropological in orientation.<sup>2</sup> In fact, Kanter refers to her study as an "ethnography" (1977:XI). Like all cultures, corporations are integrated wholes with distinguishable boundaries, although they are also a part of a greater culture. Whereas Stamford, Connecticut, is not an integrated bounded whole with reference to language, values, economy, etc., to a greater extent IBM is. Kanter (1977:10) observes that politically, corporations are autonomous entities. She considers corporate autonomy contrary to the concepts of democratic justice embraced by the greater culture. The

threat corporations are experiencing as a result of the increase in government regulation is an indication of the need for autonomy in order to preserve the status quo.

Cultures are characterized by economic, technological, and political elements; value systems; social structure; language; and art. Indeed, the corporation possesses a unique language style, which the new employee must learn through acculturation in order to communicate effectively. An informal political system based upon a class and caste structure and a formal political system contained in organization charts distribute the power, wealth, and prestige available within the corporation. A value system defines the external role of the corporation as well as the range of acceptability in all aspects of the individual's corporate life. The corporation has an independent economic system, which is reflected in the use of one set of accounting procedures for internal reports and another for federal government reporting. A specific technology is associated with the economic system and provides the tools used to transform resources into commodities, thereby insuring the survival of the corporation. Although the culture of the corporation consists of these sub-systems that are individually of significance to the human resource planner, he is most directly concerned with formal social structure, represented by the staffing system.

As in all cultures, the ultimate function of the corporation culture is to facilitate man's ability to control his environment. These sub-systems are strategies to aid in his adaptation. Corporations rely predominantly upon their economic and technological systems as adaptive strategies, but their evolution is characterized by increasing sophistication in the use of other sub-systems to control their environment.

Cultural change is first realized in the business conducted by the corporation. Thus, social structure lags behind the economy and technology, which are consciously developed as adaptive strategies through business planning. The absence of human resource planning permits this gap to broaden in periods of change. At different levels in the general evolution of culture, specific forms of economic and political systems, values, and social structure are found in association with one another. These predictable relationships produce "culture-types," and the single most important determinant of the culture-type is its technological base.

In a *Harvard Business Review* article, Greiner (1972) identified the same phenomenon in corporations. He failed to point out that the evolution of corporations may be a specific form of general cultural evolution that is governed by like principles. Greiner states that corporations evolve in a pattern consisting of levels of development. The study of evolution indicates that specific cultures do not pass through each level to reach a certain stage of cultural development. Greiner

maintains that the corporation *should* pass through each level and assimilate those strategies before it can evolve to the next level. Further research should examine the accuracy of this major observation. Each level of corporate evolution is characterized by predictable relationships between five variables. These are management stress, organizational structure, top management style, the control system, and the reward system. The relationship between these variables will be discussed in the following pages.

Like other cultures, corporations evolve at different rates. The rate is primarily determined by the volatility of the corporation's industry. When the corporation is functioning in a stable environment, its adaptive strategies are effective and change is unnecessary. But a change in the environment requires a new corporate strategy to reduce unpredictability. Periods where new strategies are identified and implemented constitute organizational revolutions. The continued success of the corporation is dependent upon its surviving these revolutions. Since the type of industry is the key factor in determining the corporation's rate of evolution, corporations in the same industry will tend to share similar adaptive strategies. Banking provides an interesting illustration. Until recently its environment was relatively stable and, as a result, banking had not developed cultural strategies as sophisticated as those found in high-technology industries. For example, information-processing corporations generally have advanced planning and control systems. These industries have a highly unpredictable environment and would not have survived without such strategies. Now drastic changes in the banking environment are occurring, which are precipitating the development of more advanced adaptive strategies in banking organizations.

Viewing corporations as cultures subject to the scientific processes that govern all cultures has profound significance for human resource planning. Because human resource planning deals specifically with induced change, the design must directly consider the evolutionary level of the corporation. The design must present strategies that will solve short-term needs and also facilitate long-range growth. Thus, it must be considered in the context of the corporation's past as well as its present and future. The predictability of relationships between cultural subsystems or strategies at each evolutionary level and the need to pass through each level places great constraints upon how human resource planning can be approached. A science of human resource planning must be founded upon a macro-level conception of its structure and function.

The first step in the analysis of data collected in fifteen corporations was to construct a typology based upon the structural and functional characteristics of human resource planning. The characteristics that appeared to be the most important were:

1. Where did the *initial motivation* to develop a human resource planning system originate? Was it the result of internal pressures (e.g., essential to the operation of the business) or external pressures (e.g., compliance with Affirmative Action regulations)?

2. What is the nature of its *socio-political* structure? Is it a top-down definition of future staffing needs executed through the generally powerful business planning process or the bottom-up development of staff through the generally powerless personnel functions (e.g., training, recruitment, compensation, etc.)? If both are present, how do they work together?

3. What is its *function* and the level of sophistication of output? Is human resource planning a research-based information system that serves to limit managerial options? Is it woven into the role behavior of managers and, thus, a major expectation for which a manager is held accountable? Is it a conscious effort on the part of the organization to create a work environment that encourages certain behaviors and attributes and discourages others?

Five major levels of human resource planning were identified when these characteristics were sorted into a typology. Furthermore, the cultures of the sample corporations conformed closely to Greiner's types. In some cases, the correlation was imperfect because Greiner's typology consists of ideal types, whereas this sample dealt with individual cases. It must also be emphasized that different divisions of a large corporation may have evolved to different levels.

#### **Level One: Lack of a Perceived Need for Human Resource Planning**

Corporations at this level have developed only the most rudimentary strategies for reducing the unpredictability of their environments. Their overwhelming concern is surviving immediate threats through immediate responses. Two types of corporations at this level of development were identified:

1. The newly-founded corporation in any type of industry.

2. Businesses that specialize in renewable contracts, such as construction contracting firms, entertainment firms that cast productions and are agents for performers, and professional firms of accountants, lawyers, consultants, or investment specialists.

These businesses are characterized by an entrepreneurial top management style and an informal organizational structure. Employees are motivated by the opportunity for future ownership in the venture. Both of the types noted above are primarily concerned with the development and sale of a product. With the first type the product has an as-yet-undefined life, however. A potentially durable market exists, which permits the business to anticipate it and develop strategies tailored

to achieve penetration. The business can then move to another level of development.

The second type sells a terminable product, so the business is in a perpetual cycle of market development. Furthermore, the environment of these businesses probably has the highest risk quotient found in industry. If it were feasible to reduce this unpredictability, the cost of cultural strategies to do so would be prohibitive (Galbraith 1973:24). It is cheaper for these businesses to pay the price of inefficiency than to try to increase efficiency in such a disorganized environment.

Few businesses at this level of development would consider implementing human resource planning. For those who do, its role would probably be limited to affirmative action activity and personnel research.

### **Level Two: Temporary Human Resource Planning Needs**

The major concern of corporations at this level is to develop mechanisms to direct and control growth. The cultural strategies that emerged in level one are separated by functional activity (e.g., marketing, research and development, production) to facilitate control. Stability is encouraged through a more formal articulation of organizational structure and through impersonal communication channels. Greiner (1972:42 and 45) identified the following characteristics of level two corporations:

1. The organizational structure is centralized and functional.
2. Work standards, accounting systems and cost centers are used for control purposes.
3. The reward system emphasizes merit increases.
4. The primary corporate objective is to sustain growth through efficient operations.

At this level the corporation relies upon its economy and technology as strategies to adapt to the environment. The corporate social structure is not viewed as a strategy that can facilitate adaptation, but as a problem to be resolved when it interferes with the efficiency of the economy or technology. When human resource planning is found at this level, it will probably be closely tied to the business. In level two sample cases, human resource planning had these characteristics:

1. It was developed to meet immediate and temporary business needs where growth was retarded because of staffing problems. When the immediate need was satisfied, commitment was greatly reduced and/or planning was transferred to Affirmative Action departments.
2. The approach was closely tied to business planning and minimally related to personnel activity.
3. Personnel functions were not coordinated into a staffing system.
4. Planning functioned as a control system.



5. The approach made no demands upon managers to modify their behavior.

The controlled growth of level two corporations cannot be indefinitely sustained. Product and geographical diversity create such complexity that greater decision-making authority must be delegated to lower levels of the corporation. Furthermore, the corporation has successfully adapted to a specific market environment. Significant growth must be based upon expansion into other markets, a situation that requires the allocation of greater responsibility to division managers.

### **Level Three: External Pressure for Human Resource Planning**

Greiner's characteristics for this level are (1972:45):

1. A decentralized, geographically-defined organizational structure.
2. A control emphasis upon profit centers and reports.
3. A reward system that motivates overtly competitive activity through individual bonuses.

Corporations at the third level have begun to use their political structure as an adaptive strategy to support the economy and technology. The result is an organization of self-contained units (Galbraith 1973:26), which are more efficient at processing product, market, and environmental information and responding to them than is the centralized structure of level two corporations. Nevertheless, redundancy from division to division results in the inefficient utilization of resources. The level three corporations in the sample were producers of consumer durables. It appears that in these highly competitive consumer markets it is not cost-effective to sacrifice immediacy of response to market conditions for operational efficiency.

The initial motivation to implement human resource planning in these corporations does not arise from within the organization but from external pressure exerted by the federal government to comply with Affirmative Action regulations. From the perspective of the powerful division management, the objective of human resource planning is contrary to the needs of the business. Level three corporations can easily develop into divisional empires competing internally for resources. Any system that forces the manager to release his staff, even when it is clearly for greater corporate welfare, will not be embraced voluntarily. Thus, the human resource planning approach cannot be based upon the behavior managers exhibit as a part of the management process, because the demands are conflicting. A top-down approach based upon the definition of staffing needs through the business planning process is also inappropriate because of the autonomy of divisions. These are the characteristics of a human resource planning approach which fits these constraints:

1. The approach is directed towards the development of staff

through the coordination and control of performance evaluation, compensation, training, and mobility.

2. The approach consists of a centralized computer information system, which defines when a manager should make decisions regarding the performance, job movement, etc., of his staff and which limits his available options.

3. Performance evaluation may serve as an integrative mechanism linking the other personnel functions into an information network. Such approaches appear to be more efficient than is the case when performance evaluation does not perform such a role.

4. Although most staffing decisions continue to be made and implemented within the decentralized unit, to some degree human resources are viewed as a corporate asset as a result of human resource planning activities at the corporate level.

#### **Level Four: Human Resource Planning as a Means of Coordinating the Business**

Level four evolves when the divisive tendencies of level three threaten the survival of the corporation. The corporation enters a period where the principal objective is to consolidate and coordinate divisions. This is achieved through the following mechanisms (Greiner 1972:43 and 45):

1. The organizational structure is based upon line-staff and product groups.

2. Top management assumes a highly participative role in the development and execution of formal systems of planning and control.

3. Product groups are viewed as investment centers and return on invested capital is the significant factor determining resources allocated to divisions.

4. The focus of the reward system is profit sharing and stock options, reflecting the changed emphasis from individual to corporate performance.

At least two types of corporations are found at level four:

1. Corporations that grow by acquisition and must bring new businesses under the corporate umbrella;

2. Corporations where the final product must be produced by a highly-controlled interdependent process.

In these corporations human resource planning is a major adaptive strategy. It is an offensive tool that gathers information to reduce the uncertainty of the future, rather than the defensive tool existing in level three, which processes information to facilitate transactions. The approach requires a major commitment of time and other types of resources at all levels of the corporation. The high priority assumed by human resource planning is based upon its role in mechanically coordinating the different levels and activities of the corporation. It is executed through a



vertical information system, which "brings together in one decision mechanism all the information pertaining to an interdependent set of subunits." (Galbraith 1973:32).

Human resource planning is viewed as an integral part of the management process. The effectiveness of the manager is largely based upon his ability to execute responsibility within the broader corporate framework. Thus, *managers view human resource planning as a particular and essential aspect of their role.*

This approach is characterized by:

1. An annual top management review of individual performance and career plans, seen as one phase of a highly integrated, formalized planning system. The planning system sets assumptions that are developed through consensus of management, and separates corporate-wide objectives into department objectives, etc., down to the level of individual performance objectives. The review process starts at the lower levels of the hierarchy and proceeds up, level by level. Top management devotes a great deal of time to the total effort.

2. The successful manager is defined as one who is a good manager of people as well as other types of resources.

3. Specific recommendations for personal actions (e.g., a lateral job move) are not necessarily executed through rigid procedures, because of management's direct involvement in the total process.

#### **Level Five: Human Resource Planning to Create a Corporate Culture**

The bureaucratization of the planning process creates excessive paper-work and demands for management time in level four corporations. This rigid adherence to formal procedure is gradually displaced by a more spontaneous and flexible approach to management. Greiner describes the most advanced form of corporate evolution as having these traits (1972:43 and 45):

1. Organization structure is based on matrix management through teams.

2. Top management style is participative.

3. The major corporate objective is to provide innovative solutions to problems.

4. The control system depends upon mutual goal setting, and financial incentives are based upon team performance.

Those corporations in the sample that had evolved to this stage of development specialized in high-technology information systems. Success in this industry requires the on-going research and development of new products because of their unusually short life-cycle. A work environment that encourages both individual creativity and group participation on product teams is essential. These corporations have learned how to construct such a milieu through the manipulation of their cultural resources. *Whereas human resource planning was a part of a manager's role behavior in level four, level five human resource planning goals are achieved through the use of the corporation's social structure as an adaptive strat-*

*egy*. In fact, at this level human resource planning is so intrinsic to social structure that they are difficult to consider apart from one another.

These corporations consciously create their own cultural tradition. Corporate humanism, e.g., creating an environment where people feel at home, is a major concern of top management. Underlying the humanism is a near-Japanese paternalistic conception of the role of the corporation vis-à-vis employees. These characteristics in level five corporations were observed:

1. The use of cultural engineering to achieve an environment of maximum efficiency.

2. Informal structures that permit those most familiar with a problem to participate in decision-making.

3. Individuals or units working on interrelated products participate in the same information network, that is, a matrix structure that ranges from temporary to stable.

4. In order to encourage risk-taking, the successful efforts of individuals are rewarded with visibility to higher levels of management, but mistakes are absorbed by the team.

5. The organizational structure conforms to the flow of interaction, whereas in earlier levels of development interaction conforms to organizational structure.

These strategies accomplish two major goals:

1. They facilitate the sharing of resources, and thus are a cost-effective way of gathering the information needed for problem-solving (Galbraith 1973:47).

2. They create a social environment that stimulates creative thinking by encouraging interaction between individuals involved in similar efforts.

#### CONCLUSION

Anthropological theory offers valuable insight into the role of human resource planning within a corporation. When human resource planning is viewed as micro-level strategy that fits within the context of a macro-level strategy (or culture), specific interdependencies are visible. These interdependencies, in effect, determine what is feasible at a particular point in the corporation's development. The structure and function of an approach to human resource planning must be based upon a clear articulation of how it will integrate with the culture of the corporation and increase the corporation's control over its environment.

#### NOTES

1. An exception is the theoretical framework developed by Jay R. Galbraith (1977). Nevertheless, anthropological theory is unique in the diversity of environments in which it

has been applied and in its refinement over a period of time.

2. For example, see: Richard C. Baker, "An Observational Study of a Large Public Accounting Firm," *Human Relations* 30 (11):1005-1024; Melville Dalton, "Managing the Managers," *Human Organization* 14 (3):4-10; Sidney Garfield and William F. Whyte, "The Collective Bargaining Process: A Human Relations Analysis Pt. 1," *Human Organization* 9 (2):5-10; and George Strauss, "Factors in the Unionization of a Utilities Company," *Human Organization* 12 (3):17-25.

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