



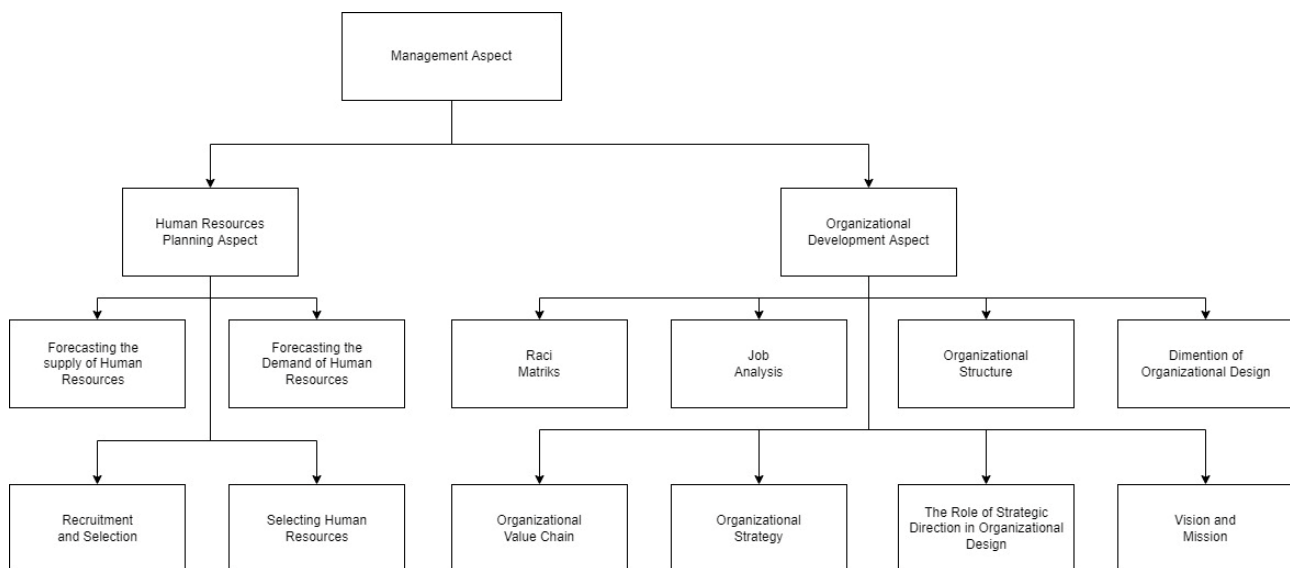
# MODULE 5B

## MODULE 5B MANAGEMENT ASPECT ANALYSIS

### LABWORK OBJECTIVE

1. Students are able to determine an organization strategy of a company.
2. Students are able to design a organizational structure of a company.
3. Students are able to estimate the workforce needs in a company for the next five years.
4. Students are able to design the selection and recruitment process of a company.
5. Students are able to describe the roles, responsibilities, and duties of each department.
6. Students are able to estimate human resource cost calculation of a company for the next three years.

### PRACTICUM OUTLINE



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## THEORETICAL EXPLANATION

### 5.1 Organization Development Aspect

#### 5.1.1 Vision and Mission

Strategic planning is a key function of an organization's management that helps to set priorities, allocate resources, and ensure that everyone is working towards common goals and objectives. However, for strategic planning to be effective, there are two important tools that are needed: a vision and mission statements. Vision and mission are often considered as an essential part of strategic management. Vision and mission statements serve as a guide for creating objectives and goals in the organization, thus providing a roadmap that is to be followed by everyone (Abioudun, 2010).

##### 1. Vision

As Cassar (2010) affirms that it is critical to note that a firm's vision statement reflect the values and aspirations that are intended to capture employees' heart and mind and hopefully the stakeholders' as well. Vision statements of a company is a long-term goal which provides direction for the organization. it also communicates the purpose of the organization to the employees and other stakeholders and provides them with the inspiration to achieve that purpose.

##### 2. Mission

A mission statement describes the current state of an organization and its primary goals or objectives. A mission statement is a short-term goal in nature. However, a mission statement is related to the vision statement in that because it outlines the primary goals that will help to achieve the future the organization desires. Leornard and Huang, (2014) asserts that a well-defined mission statement can unify and energize internal stakeholders while enhancing external stakeholders' perceptions, expectations, and possible actions. From the customer's point of view, the mission statement ensures the frame of his expectations. For the employee, it is the impulse to understand that the decisions the management makes are good.

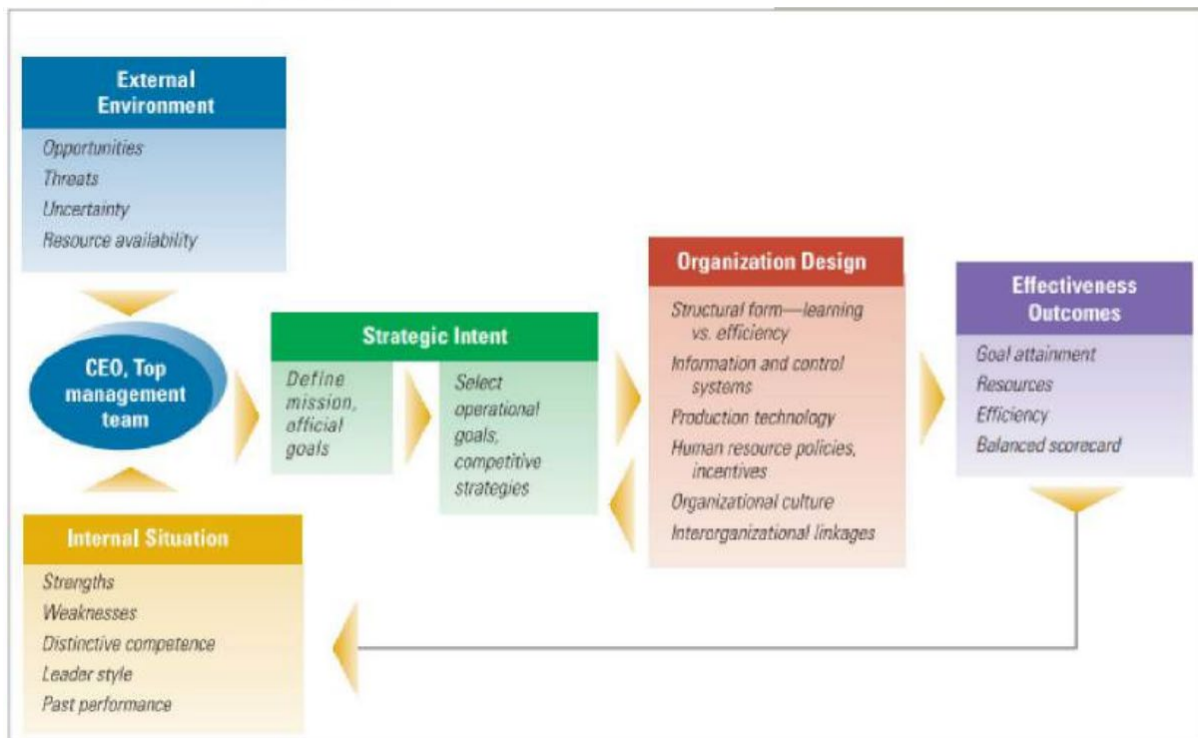
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## 5.1.2 The Role of Strategic Direction in Organization Design

An organizational goal is a desired state of affairs that the organization attempts to reach. The choice of goals and strategy influences how the organization should be designed (Daft, 2010). The primary responsibility of top management is to determine an organization's goals, strategy, and design, therein adapting the organization to a changing environment. The direction-setting process typically begins with an assessment of the opportunity and threats in the external environment, including the amount of change, uncertainty, and resource availability.

Top managers also assesses internal strengths and weaknesses to define the company's distinctive competence compared with other firms in the industry. This competitive analysis of the internal and external environments is one of the central concepts in strategic management. (Daft, 2010). Organization design is the administration and execution of the strategic plan. organization design is used to implement goals and strategy and also determines organization success. The new goals and strategy are selected based on environmental needs, and then top management attempts to redesign the organization to achieve those ends. Top managers and middle managers must select goals for their respective units, and the ability to make good choices largely determines firm success. (Daft, 2010)

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Source: Adapted from Arie Y. Lewin and Carroll U. Stephens, "Individual Properties of the CEO as Determinants of Organization Design," unpublished manuscript, Duke University, 1990; and Arie Y. Lewin and Carroll U. Stephens, "CEO Attributes as Determinants of Organization Design: An Integrated Model," *Organization Studies* 15, no. 2 (1994), 183-212.

Figure 5.1 Top Management Role in Organization Direction, Design and Effectiveness

## 5.1.3 Organizational Strategy

Johnson et al. (2008) described organizational strategy as the direction and scope of an organization over the long-term which helps it to attain benefit through its configuration of resources within a challenging environment aimed at meeting market needs and to fulfill stakeholder expectations. In short understanding, an organizational strategy is a dynamic long-term plan that maps the route towards the realization of a company's goals and vision. Generic competitive strategy is a business level strategy that companies adopt in order to obtain a competitive advantage (Porter, M. E. 1985). There are three primary strategies employed according to Porter's Framework:

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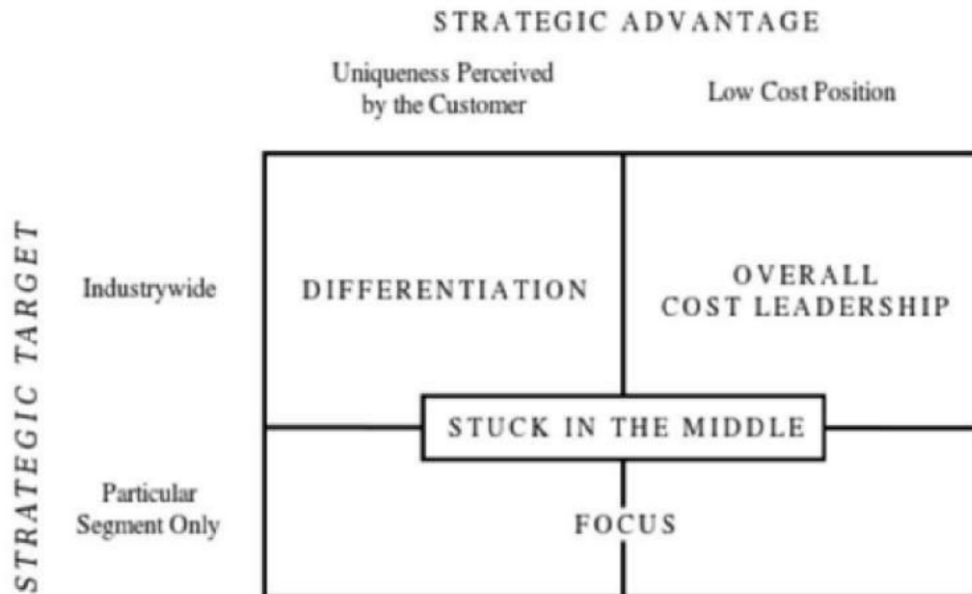


Figure 5. 2 Generic Strategies Map by Porter's Framework

## 1. Cost Leadership

The cost leadership strategy is employed when a company aims to be the lowest cost producer in the market. Strategic managers in the organization make a concerted effort to lower business costs in order to achieve competitive advantage. The advantage of cost leadership strategy is customers are attracted to the lower prices although customers may not find exactly what they want. The disadvantage of this strategy is the opposite of its advantage that is the customers can be swayed by lower substitutes from other competitors anytime.

## 2. The Differentiation Strategy

Different strategy involves making the products or services are different from and more attractive than those competitors. It depends on the exact nature of the industry, products and services themselves. But it will typically involve features, functionality, durability, support and also the brand image that our customers value. In this instance, company isn't necessarily looking to be the cheapest.

Instead, company is aiming to be the best by differentiate themselves from noname brands and box-store brands through quality and brand image.

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## 3. Focus Strategy

Companies that use focus strategies concentrate on particular niche markets (niche market is the subset of the market on which a specific product is focused) and by understanding the dynamics of that market and the unique needs of customers within it, develop uniquely low-cost or well-specified products for the market. Because they serve customers in their market uniquely well, they tend to build strong brand loyalty amongst their customers. This makes their particular market segment less attractive to competitors.

### 5.1.4 Organizational Value Chain

Michael E. Porter in 1985 in his book "Competitive Advantage, Creating and Sustaining Superior Performance" explains that value chain is a strategic analysis tool used to understand about competitive advantage which is a combination of nine value adding operations within a company. The main focus of value chain is in the benefits in customer.



Figure 5.3 Michael Porter's Value Chain

1. **Primary Activities** are the main activities of the organization involved in the physical creation of the product and its sale and transfer to the buyer as well after sale assistance, consists of:

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a. Inbound Logistics

Inbound logistics is an activity related to material handling before it's used such as material, inventory and vehicle scheduling.

b. Operations

Operations is related to processing inputs into outputs such as machinery, packaging, assembly, equipment maintenance, printing and testing.

c. Outbound Logistics

Outbound logistics is an activity that carried out to deliver products to the hands of consumers such as material handling, shipping and scheduling.

d. Marketing and Sales

Marketing and sales is an activity related to make consumers interested in buying products, such as prices advertising and promotions.

e. Service

Service is an activity that maintaining the value of the products or increases the value of a products after purchasing the products.

2. **Supporting Activities** are activities that helps the main activities, consists of:

a. Procurement

Procurement is a process related to the acquisition of inputs or resources such as the materials, inventory of goods, that can be used as assets such as machinery, office stationery and buildings.

b. Human Resources

Human resources is the regulation of human resources, assessing how well a company is recruiting employee, training, motivating, rewarding, and retaining its employees.

c. Technological Development

Technological development is the development of equipment, hardware, software and procedures in product transformation from inputs to outputs.

d. Firm Infrastructure

Firm infrastructure is a department that includes accounting, planning and financial that can serve the needs of the organization.



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The value chain is a basic tool for diagnosing competitive advantage and finding ways to create and sustain it. Value chain provides a systematic way to divide a firm into its discrete activities and can be used to examine how the activities in a firm are could to be grouped. However, the value chain can also play a valuable role in designing organizational structure (Michael E. Porter, 1985).

## 5.1.5 Business Process Management

Business Process Management (BPM) is a comprehensive system for managing and transforming organizational operations, based on what is arguably the first set of new ideas about organizational performance since the Industrial Revolution (Jan vom B. & Michael R., 2015). Business Process fall into two types process model that is As-Is and To-Be process.

### 1. As-Is Process

An As-Is business process is a detailed overview of the current state of a company's process, culture, and capabilities. It outlines how work is currently performed and how information flows through the organization. The purpose of an As-Is business process is to provide a baseline for identifying areas for improvement, optimizing the use of resources, and ultimately increasing efficiency and productivity. By understanding how work is currently being performed, organizations can develop strategies to eliminate bottlenecks, reduce waste, and enhance overall business processes.

### 2. To-Be Process

A To-Be business process outlines how a company's process, culture, and capabilities will appear in the future. It serves as a roadmap for change, identifying where the organization needs to be in order to achieve its goals. The purpose of a To-Be business process is to provide a clear picture of what the future state of the organization will look like, and what steps need to be taken to achieve it. By creating a To-Be business process, organizations can prioritize and focus on the most critical changes necessary to achieve their goals and close the gaps between the current and desired states.

## 5.1.6 Dimension of Organizational Design

Organizational dimensions fall into two types that is structural and contextual. Structural Dimensions can be defined as internal characteristics of an organization. Contextual dimensions can be defined as the whole organization, including about the external correlation (size, technology, environment, and goals).

### 1. Structural Dimensions

#### a. Formalization

Formalization pertains to the amount about organization. Including procedures, job descriptions, regulations about political issue, and policy.

#### b. Specialization

Specialization is the degree to which organizational tasks are subdivided into separate jobs. If specialization is extensive, each employee performs only a narrow range of tasks

#### c. Hierarchy of Authority

Hierarchy of Authority reports to whom and the span of control for each manager.

#### d. Centralization

Centralization refers to the hierarchical degree that has authority to make as decision. When decisions are delegated to lower organizational levels its decentralized. But when decisions are delegated by top management its centralized.

#### e. Professionalism

Professionalism level of formal education and training of employees.

#### f. Personnel ratios

Personnel rations refer to deployment of people to various functions and department.

### 2. Contextual Dimensions

#### a. Size

Size all about organizations specific components, such as plant or division.

#### b. Organizational Technology

Organizational Technology every tools, techniques, and actions uster to transform from input to output.

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- c. Environment  
Environment all element outside the boundary of the organization
- d. Organizational goals and strategy  
Goals, purpose, band competitive techniques that set it apart from other organizations.
- e. Organizational culture  
Organizational culture underlying set of key values, beliefs, understandings, and norms shared by employees.

## 5.1.7 Organizational Structure

Organizational structure is defined as:” a framework for the relationship of different jobs, systems and operational processes and persons and groups who try to achieve the goal (Daft, 2000). The organizational structure adjusts to the conditions, goals and orientation of the resources that work at the organization. Forms of organizational structure are generally different and have advantages and disadvantages of each. Based on the relationships that exist in the organization according to Hasibuan (2010), there are several types of forms of the main structure of the organization, the shape of the organizational structure can be distinguished as follows:

*Table 5. 1 Shapes of Organizational Structure*

Organization Type	Characteristics	Advantages	Weakness
Line Organization	<ol style="list-style-type: none"><li>1. Organization is relatively small and simple.</li><li>2. Relationship with superiors and subordinate is still directly through the shortest line of authority.</li></ol>	<ol style="list-style-type: none"><li>1. The leadership unit and the principle of unity of command remain fully defended.</li><li>2. The line of command and task control, it is</li></ol>	<ol style="list-style-type: none"><li>1. The personal goals of the leadership and organizational goals are often indistinguishable.</li><li>2. There is a tendency for the top of the</li></ol>

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	<p>3. The number of employees is relatively small and knows each other.</p> <p>4. The level of specialization is not so high and the tools are not of different types.</p>	<p>not possible to run.</p> <p>3. The process of decision making, policy and instructions runs quickly.</p> <p>4. Coordination is easy to do.</p>	<p>authoritarian leadership.</p> <p>3. The organization runs independently depending on one person.</p> <p>4. Subordinate regeneration lacks supervision.</p>
<p>Line &amp; Staff Organization</p>	<p>1. The leadership is only one person and assisted by Staff.</p> <p>2. There are two groups of authority, namely line authority and staff authority.</p> <p>3. Large organization many employees, and complex work.</p> <p>4. The relationship between superiors and subordinates is not direct.</p>	<p>1. The principle of unity of the leadership remains retained, because the leader remains In one hand only.</p> <p>2. The existence of authority groups namely lines and staff.</p> <p>3. There is a clear division of tasks and responsibilities between leaders and staff members.</p>	<p>1. Group implementation often miss communication to distinguish commands.</p> <p>2. Employee solidarity and esprit de corp are lacking, because they don't know each other.</p> <p>3. Unhealthy competition often occurs end division oriented.</p>

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<p>Functional Organization</p>	<ol style="list-style-type: none"> <li>1. The division of tasks clearly and clearly can be distinguished.</li> <li>2. Subordinates will receive orders from several superiors.</li> <li>3. Overall coordination is usually only needed at the top level.</li> <li>4. Position placement based on specialization.</li> </ol>	<ol style="list-style-type: none"> <li>1. Employee specialization can be developed and utilized maximally.</li> <li>2. The advantage of the specialization can increase optimization.</li> <li>3. The employees will be skilled in their respective fields. Efficiency and productivity can be increased.</li> </ol>	<ol style="list-style-type: none"> <li>4. Static work and facilitate boredom in employee.</li> <li>5. The employee only sets his specialty. Executive group solidarity occurs.</li> </ol>
<p>Committee Organizational</p>	<ol style="list-style-type: none"> <li>1. The division tasks is clear and certain.</li> <li>2. The authority of all members is equal. The decision is the decision of all its members.</li> </ol>	<ol style="list-style-type: none"> <li>1. The decision he made, when relatively better because it was decided by several people.</li> <li>2. Tends to ac authoritatively. Guiding participation can be improved.</li> </ol>	<ol style="list-style-type: none"> <li>1. The person charge of the decision is not harsh because it's a joint decision.</li> <li>2. Time to take joint decisions. The tyranny of the monorias can force the will through voting.</li> </ol>

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Example for Organizational Structure

## 1. Line Organization

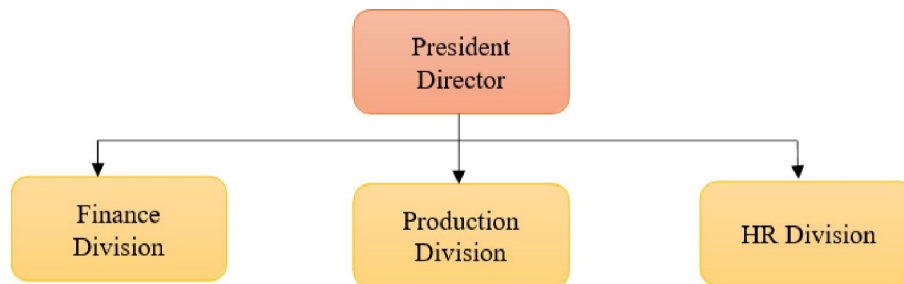


Figure 5. 4 Line Organization Hierarchy

## 2. Line and Staff Organization

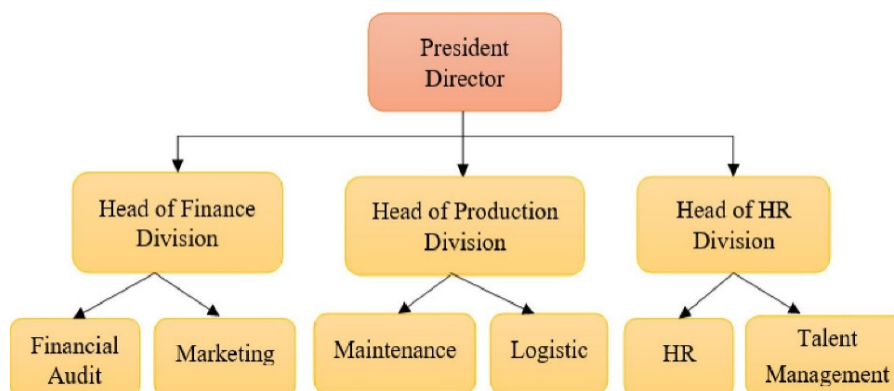


Figure 5. 5 Line and Staff Organization

### 5.1.8 Job Analysis

Bisen (2010) defines that job analysis is the process of gathering detailed information about various jobs in an organization with the aim that management within an organization can function properly so that performance can be better. This following about stages in the job analysis:

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Figure 5. 6 Stages of Job Analysis

There are two outcomes of job analysis:

- a Job Description (Position Description) According to Ardana, Mujiati, and Utama (2012), job description is a written statement that includes authority, responsibility and line up or down line.
- b Job Specification (Specification / Job Requirement) Moekijat (2010) explains that job specifications are records of requirements that must be completed so that the work can be done well.

## 5.1.9 RACI Matrix

RACI Matrix is a Responsibility Assignment Matrix (RAM) which describe the roles of various parties in completing a job in a project or business process and explain the roles and responsibilities between parts in a project or process. Such matrixes help to provide a way to plan, coordinate and organize task, this consists of different degrees of responsibilities that are developed with each activity entailing each member in an organization, including who conducts the activity to the people kept informed of developments (Cabanillas, Resinas, & Ruiz-cort, 2012). In this context, decisions are made more quickly, accountability is clear and workload is evenly distributed. The RACI acronym stands for:

1. **R-Responsible:** The parties responsible for carrying out the activities in question. In each activity, there can be more than I person.
2. **A-Accountable:** The party who has the authority and an accountability for the activity in a question. This means that this party has the main responsibility to ensure the success of the activity. In each activity, there can only be I person.
3. **C-Consulted:** Person who will be communicated with regarding the decision-making process and specific tasks. In each activity, there can be more than I person.
4. **I-Informed:** Person who will be informed about the progress of the work in question. In each activity, there can be more than I person.

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The goals of RACI Matrix are:

1. Describe the roles, responsibilities, and duties of each department/person in doing a job.
2. Eliminate tasks that fall into the gray area, tasks that are not clear who is running them because no one is working on them or overlapping tasks between departments.
3. Identify workloads that have been assigned to specific employee or department.
4. Ensure that certain process is not too dominant.
5. Ensure that new members are explained about their roles and responsibilities.
6. Finding the right balance between line and job responsibilities to get better work efficiency.
7. Documenting the roles and responsibilities of people in the organization.

Steps to Create a RACI Matrix:

1. Identify areas of work to be done. Each work field is allocated to a table row. This is useful for selecting the active verb when naming tasks. For example, terms like 'document', 'monitor' and 'check', they give meaning to the activity to be carried out.
2. Identify the stakeholders who will be involved in the project or process business. Each stakeholder is allocated a column, and a description each column at the top of the graph.
3. Consider each task in turn to decide where the RACI elements are located. For example, identifying stakeholders who are accountable for the task, stakeholders who are supportive of the task, and so on.

There are signs that need to be considered in the preparation of the RACI Matrix, such as making sure there is at least one responsible person and one accountable person for each activity. It is possible to assign Accountable and Responsible to one party if needed. Make sure there is only one party accountable for each activity. Note that there are not too many Informed parties in each activity to avoid "noise" on the communication line.



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Aktivitas	Fungsi										
	CEO	CFO	Business Executive	CIO	Business Process Owner	Head Operations	Chief Architect	Head Development	Head IT Administration	PMO	Compliance, Audit, Risk and Security
Menerjemahkan penyimpanan data dan persyaratan retensi ke dalam prosedur.			A	I	C	R					C
Mendefinisikan, memelihara dan menerapkan prosedur untuk mengelola pustaka media			A		R	C	C	I			C
Mendefinisikan, memelihara dan menerapkan prosedur untuk mengamankan pembuangan Media dan peralatan.			A	C	R			I			C
Backup data sesuai skema.			A		R						
Mendefinisikan, memelihara dan menerapkan prosedur untuk pemulihan data.			A	C	R	C	C				I

Figure 5. 7 Example of the RACI Matrix in the data management activities

## 5.2 Human Resources Planning

Human resource planning (HR planning) is both a process and a set of plans. It is how organizations assess the future supply of and demand for human resources (Ivancevich & Konopaske, 2012). In addition, an effective HR plan also provides mechanisms to eliminate any gaps that may exist between supply and demand. The focus of HR planning is to ensure the organization has the right number of human resources, with the right capabilities, at the right times, and in the right places. In human resources, there are a strategic human resource management (SHRM). Is the HR policies and practices have critical linkages with an organization's overall strategy.

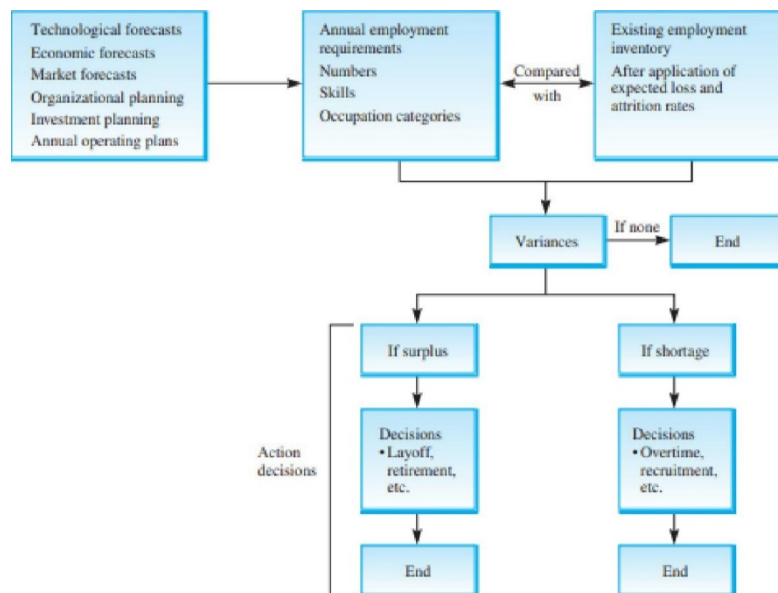


Figure 5. 8 Human Resource Planning Process

## 5.2.1 Forecasting the Demand of Human Resource

The information gathered from scanning the external environment and assessing internal strengths and weaknesses is used to predict HR supply and demand in light of organizational objectives and strategies. Forecasting uses information from the past and the present to identify expected future condition. Forecasting is a combination of quantitative methods and subjective judgement. HR forecasting should be done over three planning periods (Ivancevich, 2008):

### 1. Short range

The most commonly used planning period of 6 months to 1 year focuses on short-range forecasts for the immediate HR needs of an organization.

### 2. Intermediate range

Intermediate range plans usually project one to three years into the future.

### 3. Long range

Long range plans extend beyond three years. The longer planning periods, the more difficult its process.

## 5.2.2 Forecasting the Supply of Human Resources

Once human resources needs have been forecast, then availability of human resources must be identified after. Forecasting the availability considers both external and internal supplies. Calculating internal supply is easier than calculating the external ones. But it is very important to calculate the external supply as accurately as possible.

### 1. External Supply

Estimating the external supply of potential employees available to the organization needs to be identified. Extensive use of government estimates of labor force populations, trends in the industry, and many more complex and interrelated factors must be considered.

### 2. Internal Supply

Estimating internal supply considers the number of external hires and the employees who move from their current jobs into others through promotions, lateral moves, and terminations. It also considers that the internal supply is influenced by training and development programs, transfer and promotion policies, and retirement policies. In forecasting the internal supply, data from the replacement charts and succession planning efforts are used to project potential personnel changes, identify possible backup candidates,

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and keep track of attrition (resignations, retirements, etc.) for each department in an organization.

### 3. Succession Planning

Succession planning is a process of identifying a long-term plan for the orderly replacement of key employees. One common flaw in succession planning is it is limited to key executives.

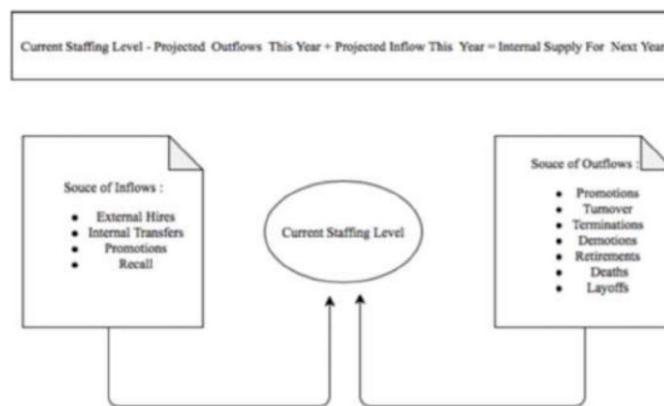


Figure 5. 9 Succession Planning Calculation

### 5.2.3 Recruitment and Selection

Recruitment is defined as a set of activities for an organization to catch the attention of job applicants that have the abilities needed to help the organization achieve its objectives. and goals (Othman et al. 2019). Most organizations have to use two methods to generate a sufficient number of applicants.

1. Internal Recruiting Method
  - a. Job Posting
  - b. Employee Referrals
  - c. Promotions and Transfers
  - d. Re-recruiting of Former Employees and Applicants
2. External Recruiting Method
  - a. Media Advertisements
  - b. E-Recruiting
  - c. Social Networking Sites or Social Media

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- d. Employment Agencies
- e. Special-Events/Job Fair
- f. College Recruiting

## 5.2.4 Selection Human Resources

Selection is the process by which an organization chooses from a list of applicants the person or persons who best meet the selection criteria for the position available, considering current environmental conditions (Ivancevich & Konopaske, 2012).

The whole process of selecting human resource will be explained further below. Before that, we need to breakdown the pre-employment screening process that consists of:

### 1. Application Forms Application form serves four purposes:

- a. It is a record of the applicant's desire to obtain a position.
- b. It provides the interviewer with a profile of the applicant that can be used during the interview.
- c. A basic employee record for applicants who are hired.
- d. It can be used for research on the effectiveness of the selection process.

### 2. Ability Test (cognitive & physical ability tests)

Tests that assess an individual's ability to perform in a specific manner are grouped as ability test. Cognitive ability test is a test that measures an individual's thinking, memory, reasoning, verbal, and mathematical abilities. Meanwhile, physical ability test is a test that measure dexterity, hand-eye coordination, arm-hand steadiness, and other factors.

### 3. Selection Interviewing

Selection interviewing of job applicants is done both to obtain additional information and to clarify information gathered throughout the selection process. The selection process according to Ivancevich (2008) will be explained by the selection process chart below:

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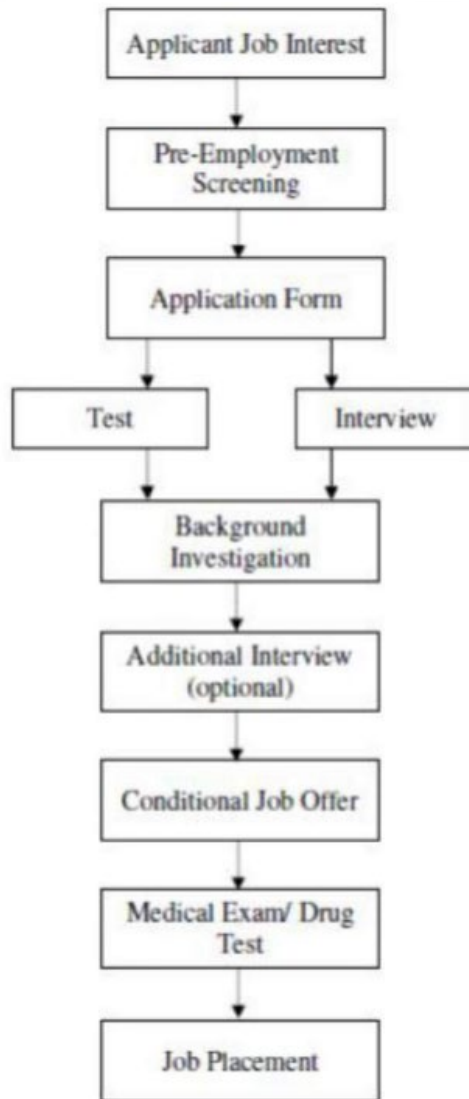


Figure 5. 10 Selection Process Flowchart

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