

# A Multi-theory Based Definition of Key Staff in Enterprise

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## Abstract

Under the environment of hypercompetition, key staff in one enterprise has already become a key factor of competition between enterprises. But there are so many issues on the definition of key staff that the enterprise can't effectively administrate them and have them work in full potentiality. As for a solution of this issue, a completely new connotation definition of key staff in enterprise based on game theory and sequencing theory, etc. is presented. Based on the opinion in the paper, a kind of available and scientific level definition model of key staff in enterprise is brought out.

**Keywords:** key staff; level definition model; values of talent

## 1. Introduction

In 21<sup>st</sup> century, with the rapid development of information-based economy and knowledge-based economy, technology and under conditions of hypercompetition, the competition between enterprises has been transferred to the competition of knowledge and skills. The key staff that are main carrier of knowledge and skills in the enterprise own core capability of the enterprise and produce most of the profit in the enterprise. They play a decisive role in rapid-growing and sustainable development of the enterprise. Today human resource becomes more important for the development of the enterprise; it is

obvious that the competition between enterprises has converted to the competition between its key staff. But it is much to be regretted that connotation definition of key staff and its definition method are too far to reach a consensus in theory world and business world in current stage. This will have significant influence on the analysis of key staff's demission reason and administration improvement for key staff, promotion for core competitive force of the enterprise. Therefore, it is necessary for us to re-survey and further study connotation definition and its definition method of key staff which are applicable for current status of domestic enterprises.

## 2. Connotation Definition of Key Staff

Creative management theory is the prerequisite of creative management action. Management theory can effectively guide management practice only if continuous innovation of management theory can catch up with progress of the times<sup>[1]</sup>. So, we shall sufficiently realize that it is an urgent matter that innovate and perfect management theory and construct our own model applicable for current status of our country based on the management theory, rather than to copy and trace management models from overseas or construct various kinds of models before perfecting management theory has been set up. That perfecting administration for key staff in enterprise is also the same, that is, to construct a definition model of

key stuff in enterprise based on scientific and reasonable connotation definition of key stuff.

### **2.1. Definition of Key Stuff**

Not all of persons have uniform understanding concerning about connotation definition of key stuff in enterprise. But the opinion in this paper is that it is very hard to explain properly key stuff if losing contact with the factors related to a specific enterprise and organization as well as its respective development stage. The reason that one employee is a key stuff is directed to be in a specific enterprise and organization, group. So the paper gives re-definition of connotation for key stuff in enterprise in the following:

Key stuff are defined as an assembly of employees who achieves remarkable success in key activities for creation of enterprise's value and promotion of enterprise's core capability and has significant influence on sustainable development of enterprise in one business and a specific development stage of enterprise. In addition, you can get further understanding on connotation of key stuff in following aspects:

#### **(1)Understanding for connotation of key stuff in enterprise based on game theory**

In the definition of key stuff in enterprise, two parties of the game are employees and organization; the target of the game is a probability that one member becomes a key stuff in a organization; profit of the game is that this employee becomes a key stuff of this organization, at same time, the organization gain better wholly achievement. In a result, based on game theory, an employee wants to become a key stuff in the organization. In other word, all of the decisions (working attitude, value orientation, human relations, etc.) made by the employee shall base on core capability of the organization and connection with his own characteristics in the organization activities. The

probability which employee becomes a key stuff will be max, only if all of his decisions reach a balance with the decisions made by the organization (that is to service most effectively for the promotion of organization's core capability). Similarly, the game problem of this employee with other members can also be analyzed.

#### **(2)Understanding for connotation of key stuff in enterprise based on sequencing theory**

Research objects of sequencing theory are quantitative change and qualitative change caused by the displacement and arrangement, combination of the matter with same nature and the matter with different nature as well as its interrelation and interaction, etc. According to sequencing theory, within connotation definition of key stuff in enterprise, the existence of "key stuff" is dependent on its organization and personnel composition of this organization, definition of every member's working position, etc. In other word, the definition of key stuff in this organization dependents on its personnel composition and combination mode, sequence, etc. This also shows the dynamic and relativity of "key stuff".

#### **(3)Understanding for connotation of key stuff in enterprise based on commission-agency theory**

Based on commission-agency theory, a kind of "commission-agency" relation (this is a suppositional relation) shall be established in the time of defining key stuff of the organization. Commission party is its organization and agency party is all of the members in the organization. According to the contract, the staffs being agency party shall bear "risk" and try their best to work hard and realize the most achievement. Followed by consideration of core capability promotion of organization, this agent will be appointed as a key stuff according to his actual working achievement.

## 2.2. Significance of Connotation Re-definition for Key Stuff

### (1) Emphasis on the dynamic and relativity of key stuff

Key stuff is directed against special stage of certain enterprise in certain business. Namely, definition of key stuff isn't the same in different business and enterprise or different stages of same business; but also that one employee can or can't be a key stuff in different enterprises and groups or its various development stages have the dynamic and relativity; it is also a dynamic changing volume<sup>[2]</sup>. At the same time, with the progress of the society and development of the enterprise, key stuff is also a changing assembly even if they are in the same enterprise.

### (2) Consideration to the employee's own knowledge and ability with the emphasis on core capability of the enterprise

Since D'Aveni, an American scholar, had issued a concept of Hypercompetition in current hypercompetition environment for the first time in 1994<sup>[3]</sup>, the opponents with creative ideas continuously overthrow existing game regulation and customer's requirement is continuously changing, none of organizations can hold the lasting competitive advantages and every competitive advantage is probably affected. Competitive advantages of the enterprise are being created and dying in very fast speed and the period for which any enterprise can hold its original advantages are sharply shorten<sup>[4]</sup>. In the time for which any enterprise seeks to live and further developing space under hypercompetition environment, anyone of enterprises mustn't only hold provisional competitive advantages; it shall examine its own core capability in view from enterprise's strategy and keep on improvement of its core capability<sup>[5]</sup>. Because key stuff master core capability of the enterprise and play decisive role on rapid grow-up and sustainable development of

the enterprise, therefore, connotation definition of key stuff shall be more dependent on the achievement gained in the important activity for value creation and core capability promotion of the enterprise, and be directed by the influence on sustainable development of the enterprise<sup>[6]</sup>.

### (3) Theoretical basis for build-up definition model of key stuff in the enterprise

At present, it is very popular to build up various kinds of models in academic community. So many scholars have established various kinds of models against different problems or same problem, such as function model and organization model, process model, resources model, information model, etc<sup>[7]</sup>. Being the link of the theory with the practice, establishment of the models have great significance in the aspects of theory application and actual problem solution, etc. and nothing can take the place of its function. But during establishment of models many scholars often strive sedulously for original creation and multi-function of models, at same time, they ignore the correctness and the application of basic theory used for the models. Furthermore, it is far from creating and enriching basic theory. For its theory level and practical value, you can image. Based on this consideration, the paper firstly states the theoretical basis and makes all-round expounding for it before the establishment of key stuff model.

## 3. Level Definition Model of Key Stuff

### 3.1. Level Definition Model

A new method -- level definition model for definition of key stuff is given, that is to adopt weighted sum and classify the employees in a enterprise into two levels according to identical specification under connotation definition of key stuff, then

key stuff will be defined. In which preparation of the specification for the first level is based on every employee's own quality and its ability, etc. and that for the second level is based on whole strategy of the enterprise and its core capability, etc. Furthermore, definition of key stuff must comply with the following priority level, that is, to confirm it to accord with the specification for the second level only after meeting that for the first level.

Assumed conditions for the model are every enterprise is clear about its own developing strategy and its core capability; definition of enterprise developing strategy and its core capability are available for its own conditions and characteristics; the organizations and structure of the enterprise are designed and adjusted according to its developing strategy and core capability; the organization that examined member works in shall be large enough in scale.

Above-mentioned contents are the ideas for level definition model of key stuff; its specific performance shall be accord with the following methods and procedures:

**(1) Definition of developing strategy and core capability in an enterprise**

The developing strategy and core capability of an enterprise will show different and specific expression in different business and periods, but one thing is the same that the man creates in the final analysis and talents are important resource with which the enterprise wins competitive advantages, more exactly to say, key stuff in the enterprise are the founder and promoter, they are true creation and expression of core capability of the enterprise<sup>[8]</sup>. Therefore, it is very important that expressly definition of developing strategy and core capability of the enterprise before key stuff of the enterprise are defined and administered.

**(2) Build-up of talent archives in the enterprise**

One enterprise must build up its own talent archives, in which classification management of key stuff is one of important items in this database. When starting to build up talent archives in practice, you can begin with the analysis of the work and the description concerning about the qualification for the reference, then the quality of human resources can be described from respective aspects of the qualification used in the analysis of the work.

**(3) Definition of the talents in the first level**

Based on the existing talent archives in one enterprise, the employees listed shall be divided into corresponding units to be examined according to the layout of the organizations, such as R&D, Manufacture, Marketing, Service, etc. and use weighted sum to evaluate every member in the units to be examined. The specific evaluation method and formula as following:

① Evaluation for the value of the talent

Dependent on the employee's own quality and ability, etc., the value of the talent shall be evaluated according to individual specification, the formula as following:

$$V = \sum_{i=1}^n \alpha X_i \quad (1)$$

where  $V$  indicates total value of examined employees;  $X_i$  indicates the quantity value of different measured dimensions  $i$ , such as employee's own quality and ability, etc., for which every enterprise can input with a specific value domain according to practical conditions, for example, its value domain is (1,2,3,4,5) under five-scale system, corresponding value shall be given dependent on specific behavior of every examined member in certain measured dimension, that is to select a value in value domain;  $i$  indicates measured dimension  $i = 1, 2, \dots, n$ , in which value selection of

$n$  is dependent on the qualification requirement for the employees.  $\sigma$  indicates weight ratios of different measured dimensions in total value.

② Evaluation for total talents in the first level

The total number of talents in the first level shall be evaluated by means of 5 levels checking system in every unit to be examined, its formula as following:

$$P = L \times M \quad (2)$$

where  $P$  indicates total number of talents in the first level in the unit to be examined;  $M$  indicates total number of employees in the unit to be examined;  $L$  indicates the proportion of total talents in the first level based on total employees of the unit to be examined and  $L$  is selected to be 70% according to the law of normal distribution.

③ Definition of talents in the first level

The value  $V$  calculated shall be sequenced from high to low, in which preceding  $P$  employees are talents in the first level in the unit to be examined. Talent archives for the first level can be set up accordingly.

**(4) Definition of talents in the second level**

Talents in the first level shall be divided into corresponding units to be examined according to its departments and use weighted sum to evaluate talents in the first level in the units to be examined for the second time. The specific evaluation method and formula as following:

① Evaluation for the core value of the talent

Dependent on whole strategy of the enterprise and core capability, etc., the core value of the talent shall be evaluated according to enterprise specification, the formula as following:

$$V' = \sum_{i'=1}^{n'} \sigma X'_{i'} \quad (3)$$

where  $V'$  indicates total core value of examined talents in the first level;  $X'_{i'}$  indicates the quantity value of different measured dimensions  $i'$ , such as employee's importance in his position, influence on operation strategy of the enterprise, creation for core capability of the enterprise, etc., for which every enterprise can input with a specific value domain according to practical conditions, for example, its value domain is (1,2,3,4,5) under five-scale system, corresponding value shall be given dependent on specific behavior of every examined member in certain measured dimension, that is to select a value in value domain;  $i'$  indicates measured dimension  $i' = 1, 2, \dots, n'$ , in which value selection of  $n$  depends on the requirement for retaining the competitive advantages and improving ability for sustainable development;  $\sigma$  indicates weight ratios of different measured dimensions in total core value.

② Evaluation for total talents in the second level

The total number of talents in the second level shall be evaluated by means of 5 levels checking system in every unit to be examined, its formula as following:

$$P' = L' \times M \quad (4)$$

where  $P'$  indicates total number of talents in the second level in the unit to be examined;  $L'$  indicates the proportion of total talents in the second level based on total employees of the unit to be examined and  $L'$  is selected to be 20% according to the law of V. Pareto 80/20, this value can also be adjusted in some certain dependent on the specific conditions of the enterprise.

③ Definition of talents in the second level

The value  $V'$  calculated out shall be sequenced from high to low, in which

preceding  $P'$  employees are talents in the second level in the unit to be examined. Talent archives for the second level can be set up accordingly.

It is obvious that the employees in talent archives in the second level are key stuff their unit to be examined for this period.

### **3.2. Advantages of level definition model for key stuff**

#### **(1) Definition of key stuff in the enterprise with more theoretical and systematic.**

Beginning with connotation definition of key stuff in the enterprise and having systematically thought over the influence of enterprise's whole strategy and its core capability, level definition model was presented.

#### **(2) Specification for the classification of key stuff's definition with more identical**

Level definition model has got rid of the confusion of specifications used in ABC method of human resources and imperfection that only evaluate key position in factor comparison method. On the contrary, the identical specification for the classification was adopted, that is to adopt respective specifications for two levels to classify employees and hold the identity of classification specification.

#### **(3) Definition of key stuff's proportion with more scientific**

In the two levels of key stuff's definition model, the proportion of key stuff is defined respectively according to the law of normal distribution and the law of V. Pareto 80/20. There is more firmly theoretical basis for the definition of key stuff's proportion. The key stuff that is defined in such way is a definite volume with more objective and scientific.

#### **(4) Definition of key stuff with more operative**

In respective stage of level definition model, the data and information can be

gained through administrative procedure of human resource. The enterprise can analyze these data only if they are true and define its key stuff. So, its work volume is not very much and there is more operative.

## **4. Conclusions**

Through sorting out a great deal of literatures and the analysis & study by related demonstration, this paper emphasizes the dynamic character and relativity of key stuff and embodies the dependency relationship that the organization and its key stuff act and promote with each other, states that the definition of key stuff shall be connection with specific conditions in which key stuff lies; when emphasizing core capability of the enterprise, it also takes consideration of employee's own knowledge level and ability and delivers theoretical basis for definition model of key stuff.

In this paper, a completely new method -level definition model for definition of key stuff in the enterprise are presented, that is, based on the connotation definition of key stuff and adopting weighted sum, the employees in the enterprise are classified into two levels respectively according to identical specification, then key stuff can be defined. This model not only gets rid of former disadvantages, but also has many advantages, such as definition of key stuff is more theoretical and systematic; classification specification for definition of key stuff is more identical; definition of key stuff's proportion is more scientific; definition of key stuff is more operative, etc.

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