Building a Strong Workforce through Affiliation

Ron Elsdon

The strength and success of organizations in the future, in an increasingly information and service-based economy, will be determined largely by the ingenuity, productivity and effectiveness of the workforce. Human resource (HR) and staffing professionals are uniquely positioned to take a leadership role in strengthening the relationship between the employee and the workplace. They are also well positioned to guide executive leadership in re-crafting the relationship between individuals and organizations to the benefit of both. This article explores the changing workforce from the perspectives of the external environment, the evolving nature of the relationship between organizations and individuals, the importance of individual development and the role of the HR and staffing professional

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. "I can see the challenges we will have engaging people in our organization in the future. I understand how important this will be. But I am concerned that our managers don't recognize how important this is. I am going to put this subject firmly on our future agenda." These are recent words from the CEO of a large communications company. Clearly, it will not be business as usual for the workforce moving forward, and there are a number of factors driving change. First is the slowing growth of the workforce in developed nations -- including the U.S. -- which will lead to a growing shortage of people in the years ahead. Indeed the annual rate of growth of the US

workforce has steadily declined since the early 1980s (Elsdon, 2003) and is projected to continue this decline through the next 25 years. This becomes critical when economic growth is driven mainly by information and services. Furthermore, the level of trust and commitment between individuals and organizations is dropping in response to the on-going waves of downsizing and the apparently capricious nature of employee movement in the late 1990s and early 2000.   This is leading to sharp declines in satisfaction at work. According to a Conference Board (2000) study, the percentage of people reporting they were happy with their jobs fell from 59% in 1995 to less than 50% in 2000; for baby boomers aged 45-54, the decline was even more dramatic, from 57% to less than 47%.

Compound this with the corporate governance scandals and criminal activities of certain highly visible CEOs and their associates and we have a crisis of confidence -- not just in organizations as institutions but also in corporate leaders. Here is how William Thomas (Thomas, 2002), who runs the Capital Southwest Corporation, a publicly traded investment company in Dallas states it: "The impending takeover of corporate America by self-serving, elitist managers may prove to be far more damaging to capitalism than anything Karl Marx could have conceived." And here is how employees, who are alumni of a failed dot.com in Northern California, respond; these are excerpts from a threaded e-mail in 2002 after the dot.com failure: "If I say that I really love your company and your corporate culture, and that I'll do whatever it takes, including giving up my life, and the pursuit of my own goals for your bottom line, I'm lying." And "You may now only borrow 40 hours of my life a week – that's all I'm gonna give." These are the example I would like to use.

Through these remarks, we see declining levels of satisfaction and trust. Is this the organizational world we want for the future? I think not. In working with leaders and HR groups across the U.S., I often ask the question: What relationship would you like to see between your organization and its employees in the future? Some of the words that come up include trusting, exhilarating, stimulating, creative and engaging. They in turn lead to a productive, flexible work environment that nourishes the individual and creates economic and social value.

In 1963, then President John F. Kennedy made this statement: "And we shall, I am confident, if we maintain the pace, in due season reap the kind of world we deserve and deserve the kind of world we will have." Our challenges and our opportunities are to reap a world that is fulfilling for each of us as individuals and creates value for our organizations. Staffing and HR professionals have an important leadership role to play in creating such a world. Let us explore first the kind of relationship that is needed between organizations and individuals. This relationship has evolved from that of a servant 100 years ago to a tenuous relationship of convenience in many cases today. When extended commitment is sought by the organization, it is often expressed in terms of retention, which is defined by the dictionary to mean "to hold back, to keep, to restrain, to keep in one's pay or service." This golden handcuffs approach is not an appealing prospect. Indeed, studies linking performance to the nature of employee engagement suggest a decline when the employee remains purely due to a perception of limited alternatives. The relationship that we are seeking in the future is one of affiliation, which means becoming closely connected or associated, to adopt. It is a two-way relationship into

which both parties enter willingly, unlike retention which is a one-way relationship defined by the organization. What is needed to build a relationship of affiliation?

In answering this question, let us explore the implications of changing demographics in the future. As the growth rate of the workforce slows it will become more difficult to find people with needed skills. The balance of power between individuals and organizations will begin to shift more to the individual. This means recognizing the needs of individuals -- not just those of organizations.   Studies of the factors people consider important, their needs, not surprisingly show variations by demographic elements such as age, years of service, function and gender. However, some common characteristics include: the importance of career development; recognition and appreciation; and a supportive work environment. Perhaps surprisingly, compensation is not one of the top three factors. Competitive compensation is a necessary but not sufficient condition to build a strong relationship with employees. The primary factors are all closely linked to leadership and it is here that staffing and HR professionals can have a major impact.

These are thoughts from Max DePree (1992), Chairman Emeritus of Herman Miller, Inc., : "From a leader's perspective, the most serious betrayal has to do with thwarting human potential, with quenching the spirit, with failing to deal equitably with each other as human beings." So we see the role of leadership, especially in HR and staffing professionals, as one of enabling each person in the workforce to reach his or her full potential, and in doing so, this enhances productivity. Value is created one person at a time. This means recognizing that individual development is just as important as individual performance; each supports the other. But a natural reaction might be to

question the commitment of resources to individual development. After all, wouldn't this simply lead to people becoming more marketable and leaving the organization? In fact, the reverse is the case. In studies of the impact of providing career development resources within an organization, the return on investment exceeded 180% as people self selected into the organization when they were given options and choices.

What does this mean in terms of leadership? I recall hearing Lew Platt, who was at one time the CEO of Hewlett-Packard, talk about one of his experiences in a capsule from a panel discussion. Someone he had known for many years, an administrative assistant I believe, called him one day to let him know she was being asked to leave the organization and wanted to speak with him. Lew Platt approached this meeting with some trepidation, expecting that he and HP would be castigated for what was happening. Instead, his associate spoke to him about how embarrassed she was at letting her skills atrophy so that she could no longer function effectively. Platt decided that he never wanted a situation to arise in the future where an employee was left stranded because they had not developed needed skills. And almost immediately, he put frameworks in place to support individual career development.

Is it necessary to be the CEO to do this? Absolutely not. One organization I spoke with in the healthcare sector was experiencing high attrition of nurses. This certainly isn't unusual in a sector that is experiencing severe people shortages, which becomes in many ways a leading indicator for other sectors of the economy in the years ahead. The HR department did a good job listening to the organization and knew that their orientation and integration processes were inadequate. So they proposed a significant enhancement to these processes. This was greeted with skepticism and

concern about costs. So the enhancement was tested with pilot groups. The attrition rate

for people in the pilot groups was about half the attrition rate for the general population.

The financial savings from this far outweighed the additional costs. (No more

information) The HR team demonstrated courageous leadership, just as Lew Platt did in

the earlier example. And there are other examples of a slightly different nature. For

instance, Whole Foods Market, Inc. limits the compensation of any officer in the

organization to no more than 14 times the average full-time salary of all team members

(employees); this is a strong statement about the organization valuing its employees.

Other examples of proactive and reactive workforce practices are given by O'Malley

(2000), whose recent work focuses on employee commitment, "In late 1995, textile

producer Malden Mills burned down. Owner Aaron Feurstein kept his 1,000 employees

on the payroll while the factory was rebuilt. It cost him $15 million to do that. Contrast

that with a restaurant chain that lays off workers, without pay, for two to four weeks

while restaurants are refurbished. Seriously, for whom would you rather work? The

turnover rate at Malden Mills is about 5 percent, and over a 14-year span, revenues

tripled (in constant dollars) and the workforce doubled. The restaurant chain experiences

from 200 to 300 percent turnover."

Lew Platt, Whole Foods Market, Malden Mills …. These are examples of

"leadership courage." Leadership courage means knowing who you are and then living

authentically recognizing this. It means creating and nurturing a sense of purpose in the

organization. Leadership courage means creating an environment in which people

flourish, balancing both getting and giving. It means living the principles of inclusion

internally within the workforce, externally through partnerships, and on a community and

global basis. Studies of affiliation (Elsdon, 2003) show a direct relationship between leadership's ability to create a sense of inspiring purpose and the strength of affiliation that people feel for the organization.

From a practical perspective, building a strongly affiliated workforce requires that leaders, staffing professionals and HR address the following steps to build a clear understanding of workforce needs linked to organizational direction:

- *First Step:* Characterize the workforce by segment. This may mean specifying segments where full time employment is preferred and those where a contract engagement is preferable. It is then possible to define the nature of the relationship sought in each segment. There are multiple aspects to this, including whether to seek a transactional or extended relationship. A transactional relationship is an engagement built around completion of a particular project. An extended relationship means the organization invests in the individual, which should enhance both performance and productivity. Building clarity around the relationship makes it possible to frame expectations so that they are clear to both the individual and the organization.

- *Second Step*: Understand employee issues by creating mechanisms to gather both quantitative (what is happening) and qualitative (why is it happening) input. There are many possible approaches that include interviews, surveys or focus groups. Preserving confidentiality of information from each individual -- by using a third party, for example -- is essential in gathering input that addresses root causes.

- ***Third and Fourth Steps***. Design solutions that address the issues that surface and create mechanisms to measure and monitor progress. Individual development is likely to be a central aspect that surfaces in the organizational listening process as an issue. It can be addressed by a range of frameworks available today that include virtual, instructor-led and individual approaches. Creating a seamless selection, integration and development process is also critical.

In conclusion, HR and staffing professionals can demonstrate leadership courage and build strong workforce affiliation if they:

- Help ensure that the organization's purpose is clear, inspiring and effectively communicated
- Create frameworks that characterize the current and needed future workforce
- Establish systems that provide for effective listening to the organization
- Advocate for workforce solutions that address identified, root cause issues
- Establish quantitative and qualitative systems to monitor progress

By taking such steps, we will create vibrant organizations and communities. These are communities that honor all connected with them.

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