
ABOUT VOLUME THREE

Why is this volume important?

Volume Three focuses on a number of issues that are increasingly important to HRD professionals in today's competitive environment. As human resources becomes more of a strategic partner with the business, the topics addressed in this volume relate to the concerns of most C-level executives, for example, where are our leaders coming from and how do we develop our people for leadership positions? What is the role of HRD in helping us achieve our long-term business strategy? What are some of the major challenges that HRD professionals have to deal with in today business environment?

What can you achieve with this volume?

The articles in Volume Three were written to give the reader a more in-depth analysis of some of today's critical HR issues. Some of the articles provide an in-depth discussion of a current topic, while others introduce a new way of approaching a familiar challenge. In all cases, they have been designed to stimulate critical thinking and reflection. The articles should stimulate the reader to explore a topic more extensively, and the references included with each article provide a path for this investigation.

How is the volume organized?

This volume is divided into three categories. Part One: Leadership and Learning provides thought-provoking information on a variety of topics associated with identifying and developing leaders as well as innovative approaches to leadership development and learning. Part Two: Strategy and Measurement reflects on human resources' role in becoming a strategic corporate partner. This section also tackles the issue of assigning metrics to what an HR professional does and using those metrics to measure the outcomes of our initiatives. Finally, Part Three: The Evolution of Human Resources reviews various aspects of our professional evolution that has brought us to where we are today. The continuing need to evolve as HR professionals is also addressed.

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**THE ENCYCLOPEDIA OF HUMAN
RESOURCE MANAGEMENT**



THE ENCYCLOPEDIA OF HUMAN RESOURCE MANAGEMENT

Thematic Essays

VOLUME THREE

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INTRODUCTION TO VOLUME THREE

“Everybody has accepted by now that change is unavoidable. But that still implies that change is like death and taxes: It should be postponed as long as possible and no change would be vastly preferable. But in a period of upheaval, such as the one we are living in, change is the norm.”

—PETER F. DRUCKER

It’s difficult to argue with Peter Drucker’s point of view. As HR professionals, we’ve lived through some very turbulent times in the past few years, and it seems unlikely that the landscape will ever return to what it was in the past.

While this may be seen as a threat by some, it can also be viewed as an opportunity by others. A report released by the Boston Consulting Group and the World Federation of People Management Associations (2010) featured 5,561 online responses from human resource and business-unit executive from 109 countries in a variety of industries along with 150 interviews with human resource executives worldwide. The respondents highlighted four HR topics that are critical today:

1. Identifying, attracting and retaining talent
2. Improving leadership development
3. Employee engagement
4. Strategic workforce planning

The questions that these challenges pose are numerous and varied, but they need to be addressed by today's HR professionals. They include:

1. With so many workers about to retire in many of the developed countries, including the United States, how do we find suitable replacements without losing valuable institutional and process knowledge?
2. How do we identify the leaders of the future, particularly among our mid- and senior-level management corps?
3. With so many recent layoffs, reorganizations, and mergers, how do we positively affect employee morale and commitment to our organizations?
4. With new and younger employees coming up, how do we get an accurate picture of our workforce and what they will need in the future?
5. How do we take advantage of technological advances in the field of learning in order to provide just-in-time information and training for this new and diverse workforce?

Volume Three of *The Encyclopedia of Human Resource Management* contains twenty-four articles that begin to get to the heart of some of these questions.

The volume is organized around three main topics:

1. Leadership and Learning
2. Strategy and Measurement
3. The Evolution of Human Resources

Let's take a sneak peek at each section.

Leadership and Learning

In a recent study (2011) conducted by the Southern Methodist University Cox School of Business, 98 percent of respondents indicated that spending levels for management training in 2011 would either stay the same as the previous year or increase, even though their organizations face economic uncertainty. This and other similar findings underscore the importance placed on developing our leaders to meet the challenges of the future. *Training* magazine's 2010 Training Industry Report data shows that, of the responding organizations, 27 percent indicated that they intend to spend more on management/supervisory training than was spent in 2009. The next highest category for increased spending was interpersonal skills, with only 16 percent indicating an increase in spending.

Some of the leadership issues discussed in Volume Three include:

1. The influence exerted by an organization's social context on the practice of leadership
2. Recognizing the blind spots a leader may have and how these can impede an otherwise effective leader
3. The emergence of the concept of "global leadership" and the role it will play in our expanding world view
4. What the literature tells us about how best to develop our leaders

Learning in general has captured the HR dialogue in recent years, particularly the role that technology is playing to address some of the shortcomings of traditional training. It's interesting to note that in *Training* magazine's Industry Report, when respondents were asked to identify the types of training products and services they intended to purchase in 2011, the two leading categories were (1) online learning tools and systems (39.6 percent of respondents) and (2) authoring tools/systems (30.8 percent of respondents). With technology playing such an important role in how we will be learning in the future, this section of this Encyclopedia will examine some of the challenges to how we learn and the technology that represents an exciting future in the world of learning and development.

Strategy and Measurement

For years, human resources was viewed primarily as an operational function: we processed payroll checks, we hired people, we provided training, and we handled your benefits claims. While human resource (HR) departments may still perform many of these same functions, the best organizations are looking to HR for strategic guidance in many of the areas we've been excluded from in the past.

In the Executive Hot Jobs Report from CTPartners (2011), Brian Sullivan, CEO of CTPartners, is quoted as saying; "Boards [of directors] have come to grips with the fact that not creating new jobs carries a punishing price" and that "Post-recession business models need new thinking, and companies all over the world are searching in record numbers for the right leaders to change the ways they do business."

So how has human resources responded throughout the recent recession? There appears to be good news on this front. *HR Magazine* (February 2011) reported on the results of a survey of both HR and company executives who were

asked to assess their human resource function and how it has been affected by the recent recession. While some negative results were reported, most respondents reported that their HR function adapted to the recession and provided leadership where it was needed. When asked how human resources positively contributed to meeting the challenges of the recession, respondents noted the following areas:

1. They made strong commitments to improving the quality of their talent management decisions.
2. They provided a greater focus on performance management.
3. They increased their focus on analytics and metrics.
4. They increased their willingness to try innovative HR activities.

These are positive signs that human resources is moving in the direction of becoming what it has always wanted to be: a true strategic partner in the growth and development of its firms. The articles in this section of the Encyclopedia are meant to increase our exposure to the areas of strategy and measurement by focusing on such topics as:

1. What should we be measuring as HR professionals?
2. How do we become more of a partner with other segments of our organizations?
3. How should we view our workplace to take maximum advantage of the talent and commitment of our employees?

The Evolution of Human Resources

A number of issues that have always been in the forefront of our efforts are becoming even more important, given the recent economic and financial downturns. The latest SHRM Workplace Forecast report, released in February 2011, surveyed 1,247 HR professionals, and 89 percent of them reported linking employee performance to its impact on the organization's business goals. Another 85 percent reported an increasing expectation on employee productivity. If productivity is under the microscope, then human resources needs to find more creative ways to stimulate productivity through its internal practices and external partnerships.

This section of the Encyclopedia addresses some of the challenges we face in bringing this about. The topics include:

1. How we foster a spirit of innovation in our organizations
2. The skills and competencies we'll need to meet the challenges of the future

3. How we engage our employees, particularly our younger workers who may have different interests and values from the previous generations
4. How human resources can partner with others to bring about some of these needed changes

The author Joseph Campbell once said that “Opportunities to find deeper powers within ourselves come when life seems most challenging.” Many of the professional challenges that HR faces now and in the future are highlighted in this volume. We hope that what you’re about to read might stimulate some ideas that you can use in your professional life.

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The Encyclopedia of Human Resource Management: Thematic Essays

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PART ONE

LEADERSHIP AND LEARNING



CHAPTER 1

BEST PRACTICES IN LEADERSHIP DEVELOPMENT

CURTIS D. CURRY

ABSTRACT

Organizations are facing mounting pressure to improve how they develop their leaders. This results from a confluence of recent trends ranging from a widely perceived dearth of good leaders to a demographic squeeze created by retiring baby boomers. In order to elucidate best organizational practices, the current article explores the academic and industry literature on effective leadership development. Eight best leadership development practices emerge from the literature: align with business strategy; align with talent management strategy; secure executive support; obtain manager support; utilize leadership competencies; tailor to level of leadership; measure and evaluate; and provide variety in learning formats.

Introduction

The consensus among executives on its importance is striking: leadership development is one of the most critical strategic priorities for organizations today. IBM's Global CEO Study (Sugrue, O'Driscoll, & Vona, 2005) found that 75 percent of CEOs believe that employee learning aligned to strategic business needs is critical

to their organization's future success. Recently topping a list of fourteen major business challenges, improving or leveraging talent was cited most frequently as a top business priority by 75 percent of leaders in a major industry study encompassing seventy-six countries, 192 organizations, and more than 1,400 HR professionals and 12,000 leaders (Howard & Wellins, 2008).

The present work draws from the author's more than twenty-five years of experience working with thousands of leaders and dozens of organizations around the globe, recent industry studies, peer-reviewed academic articles, books, and other published resources to identify the best practices in leadership development (LD). The first section of the essay presents an overview of the challenges that are leading organizations to invest heavily in LD. The second section presents organizational LD "best practices," highlighting the research findings and illustrating some of the practices with examples drawn from the real world. The third section presents a brief overview of specific best practice learning activities that organizations use to develop their leaders. The final section presents implications of findings for organizations today and for future trends in leadership development.

One major finding of this overview is that there is a great deal of consensus on what constitutes best leadership development practice. While terminology varied from work to work, the top LD practices fell into the following eight categories:

1. Aligning LD efforts to business strategy and providing learners with real-world business challenges;
2. Integrating LD into overall talent management strategies in areas such as performance management, selection, and succession planning;
3. Obtaining executive support and accountability;
4. Obtaining the manager's involvement, buy-in, and accountability;
5. Identifying relevant leadership competencies;
6. Tailoring LD to the specific target leadership audience;
7. Measuring and evaluating the effectiveness of LD efforts; and
8. Utilizing a variety of learning formats to improve effectiveness.

The Leadership Development Challenge

Over the past decade, developing organizational talent has become a priority that has increasingly captured the attention of executives. Weik (2005) reports that 57 percent of the executives participating in the Executivebench Study had been systematically developing their future leaders for less than three years. An industry study of thirty-seven companies found that outlays for leadership

training headed the list of training spending, increasing in both 2009 and 2010 (Daniels, 2010). In 2010, 74 percent of respondents made additional investments in leadership training, and 58 percent either “somewhat” or “totally” agreed that learning and development was a strategic investment for their organization (Daniels, 2010).

Even in the midst of a major economic downturn, organizations continued to invest in LD in 2009. ASTD estimated that a total of \$125.88 billion was spent on all employee learning and development in 2009 (ASTD, 2010). While exact expenditures on leadership development were not included in the study, executive development (at 4.39 percent) combined with managerial and supervisory training (at 10.35 percent) accounted for nearly 15 percent of all learning program content (ASTD, 2010). ASTD conservatively estimated that in 2007 \$2.8 billion were spent on executive development alone (ASTD/Booz-Allen Hamilton, 2009). As a point of comparison, the average 2009 overall expenditure on employee learning was \$1,081 per employee (ASTD/Booz-Allen Hamilton, 2009), while across all industries the average expenditure on executive development was \$12,370 per participant (ASTD, 2010). Manufacturing companies spent a whopping average of \$22,164 per participant on executive development (ASTD, 2010). Clearly, organizations see developing leaders as an important priority and are investing substantial amounts in leadership training and development.

A looming talent shortage coupled with concerns about existing leadership quality are major concerns expressed by executives and human resource leaders. The inexorable demographic trend that has resulted in low birth rates during the period 1965 to 1975 (the so called “baby bust” generation) coupled with the gradual retirement of the baby boom generation (born between 1946 and 1964) will lead to declines in workforce participation. Organizations will feel increasing pressure to find ways to retain and further develop existing leaders as well as to make wise decisions about how they can most effectively develop scarce future potential talent to keep their leadership pipelines filled. The following sections will explore these two challenges in greater detail.

The Demographic Squeeze and Leadership Development

As the large baby boom cohort (seventy-six million) continues to retire, the major concern for executives and human resource leaders is that, even with increased immigration, there will be inadequate numbers from the “baby bust” generation (forty-five million) to fill leadership ranks. The U.S. workforce was expected to grow at only 1 percent per year between 2004 and 2014 (Toossi, 2005). More recently the figure was revised downward to .8 percent per year for the period covering 2008 to 2018 (Lacey & Wright, 2009). This translates into even fewer

new workers entering the workforce than anticipated, and fewer individuals available to fill vacancies in leadership positions as they open up.

Today's workforce has the lowest proportion of under-twenty-four participation and the highest proportion of fifty and older participation in the sixty years that such statistics have been collected (Schramm, 2011). The U.S. Department of Labor estimates that, by 2018, individuals in the fifty-five and older age group are expected to comprise an astonishing one-fourth of the entire labor force, up from only 12 percent in 1998 and 18 percent as recently as 2008 (Lacey & Wright, 2009).

Adding to the sense of urgency U.S. corporate leaders feel about attracting and developing top talent, a 2008 report commissioned by Congress found that in 2005, forty-one to fifty-nine year-olds accounted for nearly 53 percent of all management positions (Levine, 2008). The Bureau of Labor Statistics predicts that 1.6 million new management positions will be created between 2006 and 2016 (Levine, 2008), potentially causing a major dearth of talent as boomer retirements from management ranks accelerate.

This picture is equally, if not more, gloomy for executive ranks. The Executivebench Study of 115 executives from nineteen industries found that one-half of the companies expected to lose 50 percent of their senior managers by the year 2010 (Weik, 2005). These inexorable demographic trends will exacerbate the challenges of attracting, developing, and retaining the best and brightest talent.

Filling Leadership Pipelines Is a Global Challenge

The United States is not the only nation facing major challenges of filling leadership pipelines in the face of a graying workforce. *The Economist* (2009a) reports that the median age of all countries will increase from the current level of twenty-nine years old to thirty-eight by 2050, and the percentage of the population over sixty will double from the current level of 11 percent to 22 percent by 2050.

This ageing trend is most pronounced in the world's rich countries, where it is estimated that one-third of the population will be retired by 2050. Canada, for example, will see up to two-thirds of its existing 2004 workforce retire within the next two decades, and a third within the next few years. At the same time, the prospective high potential candidate pool of thirty-five-to-forty-four-year-olds will shrink by 15 percent (Leskiw & Singh, 2007).

Not only will the world's rich countries be dramatically impacted, but so will China. The world's most populous nation will see its median age rise from today's thirty to about forty-five by mid-century (*The Economist*, 2009b). That in itself does not seem problematic until one realizes that, beginning around 2025, China will have more elderly dependents than children (*The Economist*, 2009b). In the words of Wu Cangping of Renmin University, China is "getting old before getting rich" (*The Economist*, 2009b).

Existing Leader Quality: A Cause for Concern

Another major concern expressed by executives is the quality of existing leadership. A DDI/Economist Economic Unit survey of 412 executives conducted in late 2007 showed that 55 percent feared that in the near future their companies' performance was likely or very likely to suffer as a result of lack of leadership talent (DDI, 2008). Among chief financial officers in the study, that number rose to about 70 percent, while two out of five respondents believed that having the wrong person in the wrong role was the greatest barrier to effective execution of strategy that their organization faced. Moreover, less than one-half of the leaders in the study rated their current leaders as very good or excellent and only 40 percent were satisfied or very satisfied with how quickly their organizations were developing leaders to meet their business needs.

The quality gap perceived by top leaders is echoed in another industry study of more than one thousand U.S.-based front-line managers. Erker and Thomas (2010) sought to understand the perspectives of front-line leaders, about 43 percent of whom had been in the position for less than five years. The authors found that a mere 11 percent had been developed to be leaders by their organizations. Forty percent of these managers were unhappy with the leadership development offerings of their organizations, and only 56 percent of managers in their first year felt they understood what it took to succeed.

Erker and Thomas (2010) further discovered that the largest challenges managers felt unprepared to meet included reprimanding an underperformer (204), firing someone (160), going from co-worker to boss (96), learning the ropes (75), and dealing with senior management (47). Over half the managers reported that they had learned their leadership skills through on-the-job trial and error, and about half felt their managers helped them develop their skills. Alarming, respondents who indicated they learned primarily through trial and error, but who did not indicate that they received significant support from their leaders, were more likely to report suffering a number of negative consequences in several key leadership competencies. In the areas of coaching, communication, decision making, delegating, gaining commitment, and planning and organizing, these respondents were more likely to feel overwhelmed, more likely to take longer to feel confident in their ability to do the job, less likely to feel they were receiving sufficient performance feedback, less likely to be positive about their leaders and their organization, and less likely to feel confident in their leadership abilities. Over one-third of this group regretted having accepted the promotion to leader. This confirms one of the findings of the present work: the importance front-line managers attach to having their leader support them as they develop skills to confront the leadership challenges of their jobs.

DDI's Global Leadership Forecast 2008/2009 found that only one-fourth of the global leaders had a high level of confidence in the performance of their

front-line leaders and 28 percent in their mid-level managers over the long term (Howard & Wellins, 2008). Only 37 percent rated the overall quality of their leaders as very good or excellent. In the same study, HR leaders reported that at all levels of leadership, over one-third of leaders fail. The top reasons cited for such a high level of leadership failure included lack of leadership and interpersonal skills (19 percent), lack of strategic or visionary skills (19 percent), lack of management skills (12 percent), and personality/personal style (9 percent). Additionally, the report noted that overall satisfaction with leadership development program quality had declined since 2005. Only 29 percent of HR respondents and 22 percent of business leaders rated their formal leadership development efforts as very good or excellent, while 49 percent of leaders rated them as fair or poor (Howard & Wellins, 2008). Interestingly, a related finding in another DDI study (Erker & Thomas, 2010) found that while 88 percent of front-line managers rate their leadership skills highly, 89 percent have blind spots, areas where they feel they are better than others think they are. Clearly, large numbers of HR leaders, front-line leaders and executives believe organizations need to improve the quality of their leadership development efforts.

Finally, while top leaders stress the importance of leadership development for their organizations, there seems to be a wide chasm between beliefs and practice. The DDI/Economist study cited above found that only 27 percent of those surveyed said they were doing a good or excellent job in talent management (DDI, 2008). That translates to nearly three-quarters believing they were doing only a fair or poor job of talent management. This contrasts starkly with the 75 percent of executives who believed that maximizing talent was a top business priority (Howard & Wellins, 2008). This dissonance between perceived importance and action represents a cautionary fact for organizations: along with aligning LD efforts to business strategy and specific business challenges, strong executive support and involvement in leadership development is one of the most frequently mentioned best practice identified in the current essay.

Best Practices in Leadership Development

From the research overview, eight critical areas were identified as best practices in leadership development. Best practices were drawn primarily from industry studies, which included both original research Howard & Wellins (2008), DDI (2008), O'Leonard (2008), overviews of best practices from Yukl (2006), Fulmer, Stumpf, and Bleak (2009), and Hernes-Broome and Hughes (2004), and recent academic reviews of the literature, including Groves (2007), Leskiw and Singh (2007), and Amagoh (2009). Table 1.1 presents the best practices that were identified. The following section will discuss these best practices in greater detail.

First Four Business Practices Interlinked

Aligning leadership development with business and talent management strategy and obtaining executive and manager support are closely linked leadership development practices. HR needs to serve as a strong business partner to develop a coherent talent management strategy with the executive team, and HR's activities should be closely aligned to the overall strategic intent, mission, and values of the organization. In partnership with HR, the executive team and managers throughout the organization should be highly involved in such talent management areas as selection, performance management, talent planning, and succession planning.

The finding that aligning LD to leadership strategy is a critical success factor is consistent with prior academic research. Charan, Drotter, and Noel (2001),

TABLE 1.1. LD BEST PRACTICES IDENTIFIED IN THE RECENT LITERATURE

	Industry Studies		Academic Reviews		Leadership Development Strategy	
	Howard & Wellins, 2008	O'Leonard, 2008	DDI, 2008	Groves, 2007	Leskiw & Singh, 2007	Amagoh, 2009
Align LD to business strategy/real challenges	×	×	×	×	×	×
Integrate/align with HR/talent management	×	×	×	×	×	×
Obtain executive support	×	×	×	×	×	×
Obtain manager's support	×	×	×	×	×	×
Identify leadership competencies	×	×			×	×
Tailor to level/selection of audience	×	×		×	×	
Measure, evaluate	×	×	×		×	×
Utilize a variety of learning formats	×	×	×	×	×	×

Hughes and Beatty (2005), McCall (1998), Conger and Fulmer (2003), Lombardo and Eichinger (2001), Hernes-Broom and Hughes (2004), and Fulmer, Stumpf, and Bleak (2009) have all argued that leadership development needs to be linked to business strategy. Industry studies mirror the academic findings. Leskiw and Singh (2007), Erker and Thomas (2010), DDI (2007), and Daniels (2010) underscore the importance of linking leader learning to business strategy in order to achieve long-term organizational success.

Companies that fail to align LD to real-world business challenges and talent management efforts suffer from lack of strategic focus. Haphazardly sending managers to training, executive MBA, or executive development programs, no matter how prestigious they may be, is no substitute for determining what the greatest business challenges are to an organization, then developing a leadership development strategy best suited to filling that organization's talent pipeline. While well-designed efforts quite often incorporate such learning activities, they should be tied to leadership skills needed to execute the organization's strategy. Groves (2007) studied fifteen best-practice organizations that successfully linked leadership development and succession planning. The CEOs and HR executives interviewed in the study reported that involving managers at different levels to create mentoring programs, involving them in identifying and selecting high-potentials, and having them teach leadership workshops were all important elements in their success.

Groves also cited the importance of creating and continually reinforcing an organizational culture that supports leadership development. In the best-practice organizations explored by Groves, this alignment was accomplished through CEO involvement and support, providing leaders with developmental assignments and business-related action learning projects, integrating and reinforcing the desired leadership behaviors through the performance management system, and carefully linking LD to succession planning.

Leader Involvement: Hallmark of Best Practice Organizations

Many organizations widely recognized as best-practice companies, such as GE, Pepsi, and Allied Signal, have long enjoyed strong executive support of leadership development efforts. Jack Welch, celebrated past CEO of GE, frequently taught at the company's training facility in Crotonville, New York. Roger Enrico (ex-CEO of Pepsi-Co), Larry Bossidy at Allied Signal, and Andy Grove at Intel were strong advocates of leadership development in their organizations and also were active in their classrooms (Tichy & Cohen, 1997).

This trend of leader involvement in learning continues in best-practice organizations. Ingersoll Rand University (IRU) has developed a "ladder of

engagement” model created to ensure alignment between learning and business strategy (Smith, 2009). IRU has also created a governance board comprising leaders from different management levels, including the CEO. The board meets quarterly to set strategic learning priorities. Additionally, leaders at Ingersoll Rand work on design teams with subject-matter experts (SMEs), make sure programs are business relevant, conduct “fireside chats” during learning programs, and co-teach some of the programs (Smith, 2009).

InterContinental Hotels Group, ranked number one in the American Society of Training and Development’s (ASTD) Very Best Learning Organizations of 2010, created “the wheel” to help ensure alignment between employee and company goals (Harris, 2010b). The wheel, which incorporates measures from four key areas, “financial returns,” “guest experience,” “our people,” and “being a responsible business,” is used by managers to assess individual performance. In its efforts to improve leadership development, InterContinental created the “leaders lounge,” an intranet portal used by managers and directors that contains areas to practice skills, insights on leadership, access to shared practices, leadership tips, videos, and an area that seeks input from leaders on company strategies (Harris, 2010b).

Another top ten company in ASTD’s Very Best Learning Organizations of 2010 was Genpact, a large Indian technology management firm spun off from GE in 2005 (Harris, 2010a). Genpact created an intensive eighteen-month “global operating leaders program” (GOLD) for high-potential front-line managers that focuses on operational excellence, a key strategic area for the company (Harris, 2010a). The program incorporates classroom sessions, interactions with leaders, and rotational assignments through which leaders work through three functional or regional assignments. Genpact, Ingersoll Rand, and InterContinental Hotel Group are companies that strive to incorporate the first four best practices, aligning LD to business strategy, integrating LD with talent management practices, obtaining executive support, and ensuring manager support.

Identify Leadership Competencies and Tailor Leadership Programs to the Appropriate Level

The current article supports earlier academic literature suggesting that identifying competencies and tailoring programs to the appropriate level of leadership are two important additional best practices in LD. Conger and Fulmer (2003) underscored the importance of focusing on the development of skills needed to solve business problems and provide growth opportunities. With their “five rules for effective leadership development,” they define the importance of these critical areas. The rules include identifying key positions; making sure to develop bench

strength for those positions; making the process transparent by giving feedback on where the individual stands in the leadership pipeline; measuring progress regularly; and keeping succession planning and leadership development efforts flexible to accommodate changing organizational needs.

Two of the three recent industry studies (Howard & Wellins, 2008; O'Leonard, 2008) and two of the three academic studies (Amagoh, 2009; Leskiw & Singh, 2007) reviewed stress the importance of identifying critical leadership competencies to meet organizational needs. Many large organizations have a sophisticated process for identifying job-related leadership competencies, including an array of tools such as interviews, observations of incumbents, the use of focus groups comprised of leaders, using surveys, and performing statistical analysis of the data. Organizations must focus their search for competencies on existing skills, knowledge, and attitudes required for success in the current organization, but should also be able to ferret out some of the competencies that will be needed by leaders to navigate their organizations through future challenges.

Tailoring LD to the appropriate level and selecting leaders to participate were also mentioned in four of six of the primary studies reviewed (Amagoh, 2009; DDI, 2008; Groves, 2007; Howard & Wellins, 2008; Leskiw & Singh, 2007; O'Leonard 2008). As mentioned earlier, efforts to identify potential leaders and design leadership development strategies require executive support and active participation of managers, along with careful alignment with business and talent management strategy. Such customization helps avoid one-size-fits-all approaches. Early career high potentials (HiPos) have very different developmental needs from seasoned executives.

Identifying and developing HiPo prospects was also mentioned frequently in the literature (Amagoh, 2009; Groves, 2007; Howard & Wellins, 2008; Leskiw & Singh, 2007; O'Leonard, 2008). Unfortunately, only 39 percent of organizations in a recent DDI study had programs in place to accelerate development of HiPos (Howard & Wellins, 2008). While organizations believe this is an important element of leadership development, most organizations can do a much better job of grooming HiPos for future leadership positions. As is the case with leadership development as a whole, HiPo development should be linked to organizational strategy and talent management systems, especially succession planning.

Research also stresses the importance of effective learning for new leaders as they are promoted into new positions of organizational authority. This underscores the importance of identifying different competencies for different levels and targeting the LD approach to these diverse levels. Several authors have recognized that, while certain leadership competencies remain consistent over time as an individual is promoted through the ranks, the leader must continue developing

new skills as the challenges change at different levels (Charan, Drotter, & Noel, 2001; Lombardo & Eichinger, 2001; McCall, 1998).

Based on their experience with General Electric and several other organizations, Charan, Drotter, and Noel (2001) outline six career passages: (1) from managing self to managing others; (2) from managing others to managing managers; (3) from managing managers to functional manager; (4) from functional manager to business manager; (5) from business manager to group manager; and (6) from group manager to enterprise manager.

At each passage, or “leadership turn” as the authors refer to promotions to each leadership level, organizations must help leaders understand how their new jobs are different in terms of what the individual is leaving behind and what he or she must learn. The authors break this down into three areas: skill requirements, time applications, and work values. Like other researchers mentioned above, Charan, Drotter, and Noel argue that effective leadership development efforts need to be combined with succession planning. They also cite the importance of leaders understanding how the changes in leadership level change what they do (skills), where they focus their time and efforts (time applications), and what they value most. Identifying critical leadership competencies and tailoring efforts to the appropriate audience are important keys to effective leadership development.

Measure and Evaluate Results

Measuring progress and evaluating results are frequently mentioned in the overall LD literature as a best practice, and by five of the six studies reviewed in the current paper (Amagoh 2009; DDI, 2008; Howard & Wellins, 2008; Leskiw & Singh, 2007; O’Leonard 2008). Not surprisingly, DDI researchers found that companies that measure LD results had programs that were twenty times more likely to be rated as very high quality by executives and HR professionals (Howard & Wellins, 2008). In ASTD’s study of the value of training evaluation (2009), companies indicating they use learning measurement to a high extent were far more likely to have experienced positive business results.

One specific method for measuring results discussed in the literature is to employ Kirkpatrick’s/Phillips’ well-known five-level model: reaction (Level 1); learning (Level 2); behavior change (Level 3); business results (Level 4); and ROI (Level 5). This model was the most commonly used metric in their study (ASTD, 2009). The report also found that Level 3 and Level 4 (behavior change and business results) were believed by 75 percent of study participants to be of high or very high value, indicating that evaluation was viewed as an important element of LD by organizations. Nevertheless, while most study participants viewed behavior change (Level 3) and business results (Level 4) as valuable measures, Level 3 was

only used by about 55 percent and Level 4 by about 37 percent of these organizations. This gap represents another area that separates best practice from average organizations.

Newer methodologies such as evidence-based human resources (EBHR) are also beginning to be utilized by organizations (Howard & Wellins, 2008). EBHR seeks to align strategy with talent management by identifying key performance indicators (both financial and performance measures) in order to guide the development of human capital strategies that will have the highest probability of achieving desired organizational outcomes (Howard & Wellins, 2008).

Examples of Best Practice Organizations That Measure Results

McCormick is an example of a “teaching” organization that integrates many of the best practices from the literature into its leadership development, including measuring results (Frattali, 2009). The company’s leaders focus on promoting shared values, aligning LD to company business plans, and ensuring that LD focuses on business results. Many leaders at McCormick actively model the importance of learning by teaching, and executives often participate in first-line leadership programs and new employee orientations. Rick Frattali, McCormick’s director of learning and development, describes how the process of creating teacher-leaders has been formalized: “At a fundamental level, all McCormick managers are evaluated yearly against fourteen competencies, one of which is ‘attracting and developing talent.’ That competency includes active participation in the growth and development of people and effective coaching and mentoring of others” (Frattali, 2009).

Other best-practice organizations in measuring and evaluating leadership development include Colgate-Palmolive, Ingersoll Rand, and Caterpillar. In its leadership development efforts, Colgate-Palmolive evaluates not only leader perceptions of effectiveness, but also behaviors learned through solving a business case, observation of on the job performance, and evaluating the leader’s business results (Leskiw & Singh, 2007). Ingersoll Rand University (IRU) has developed a format for leadership development investment requests that includes important organizational metrics. In an article written for *Training & Development*, Rita Smith, VP of enterprise learning at Ingersoll Rand, describes the process: “We calculate expected benefits, one-time versus ongoing costs, per participant cost versus comparable external programs, penetration rates for target audiences, and shelf-life of our learning products, among other measures” (Smith, 2009). Caterpillar, in addition to employing best practices mentioned earlier such as expecting leaders to serve as teachers and the creation of learning plans aligned with its strategy, also uses metrics to ensure that learning delivery is timely, convenient, and cost-effective (Bingham & Galagan, 2009).

Best Practice Learning Activities for Leadership Development

Once relevant leadership competencies have been identified by the organization and leaders selected to participate, the starting point for individual leadership development should be an assessment of a leader's existing strengths and developmental areas. Ongoing feedback from leaders in the form of coaching or mentoring is critical for success in development efforts. In order for leaders to grow, they must seek feedback, identify strengths and developmental areas from the feedback, and then put the feedback to work by developing a plan of action. Jacobs (2005) reminds readers "leadership is intellectually simple, but behaviorally complex. As many executives 'manage in the moment,' actionable feedback helps them interpret what they see . . . real change will only occur if there is both a cognitive and emotional need to do so" (p. 4).

As Luthans and Peterson (2003) note, increased interest in leadership development has seen a concomitant increase in interest in the use of multi-rater feedback instruments, more commonly known as 360-degree feedback, as a means to help managers enhance their self-awareness and increase their leadership effectiveness. Yearout and Miles (2001) add that many leaders, such as famed former chief executive officers Jack Welch of General Electric, Bill Weiss of Ameritech, and BAE Systems chief Dick Evans, were all enthusiastic advocates of 360-degree feedback.

When utilized in the context of leadership development, 360-degree feedback has been shown to improve performance, as well as serve as a catalyst for individuals to make behavioral changes (Bradley, Allen, Hamilton, & Filgo, 2006; Chappelow, 1998; Green, 2002; Smither, London, & Reilly, 2005). In his study of nineteen CEOs, COOs, and other senior leaders, Green found significant improvement in individual, team, and organizational performance after leaders had received 360-degree feedback. Evidence also shows that combining 360-degree feedback with coaching can further enhance leader effectiveness (Luthans & Peterson, 2003; Thach, 2002).

In addition to feedback, research suggests that experiential learning (learning by doing) that is linked to work and life experiences leads to quicker, more effective learning for leaders (McCauley, 2006). The same corpus of research also indicates that a greater variety of experiences leads to greater self-awareness and provides learner insights from those experiences that leaders can apply to different settings. Center for Creative Leadership researchers have also found that the level of challenge inherent in developmental activities affects the speed and quality of learning that takes place (McCall, 1998).

For actual behavioral change to occur, leaders must be willing to invest the time and energy required to affect change. McCall (1998) discusses this point in his seminal work on leadership development:

“If one lesson is to be drawn from the research reported in *Lessons of Experience*, it is that significant change is not a matter of New Year’s resolutions. It comes from putting oneself in situations like those described in Chapter three and creating an environment in which learning is a prerequisite for achieving something important. . . . Catalysts in this domain could include coaching or training in how to learn.”

According to McCall, the three catalysts for development are improving information in the form of feedback in order to improve performance, providing incentives and resources to implement the goals, and supporting the change effort while a leadership plan is being implemented.

The industry and academic literature offer several other specific developmental activities that organizations frequently include in their LD efforts. Allen and Harman (2008) identified twenty-seven sources of learning and organized them under Conger’s four approaches to leadership development: personal growth (examples include group reflection, individual reflection, and team building); feedback (such as executive coaching, instruments); conceptual understanding (including degree programs and classroom); and skill building (including developmental assignments, simulations, and action learning).

In a recent industry study, leaders viewed the single most effective LD stand-alone method special projects within the job (Howard & Wellins, 2008). This was followed by other methods in descending order of importance: special projects outside the job; move into a new position; formal workshops; using internal and external coaches; assessments; computer-based learning; and finally, reading. Consistent with the earlier cited research, activities rated the highest were ones that allowed participants to apply their learning.

The same authors found that organizations that used a greater variety of methods were rated most effective at leadership development (Howard & Wellins, 2008). Unfortunately, they also discovered that 39 percent of HR respondents indicated that development needs were not a factor in assigning leaders to special projects. As have other studies, Howard and Wellins found that providing real-world opportunities to practice behaviors was essential.

Assigning action-learning projects where leaders have the opportunity to develop and practice new skills was viewed in the literature as one of the most effective developmental tools. O’Leonard (2008), Leskiw and Singh (2007), Amagoh (2009), Allen and Hartman (2008), and Yukl (2006) all mention using action-learning projects involving real-world business issues. Two strengths of an action-learning approach are readily apparent: (1) it is experiential in nature and (2) it requires leaders to diagnose and develop solutions to real-world business problems facing the organization. Coaching or mentoring, job assignments, classroom

sessions, and feedback are also mentioned as important sources of learning by these authors. Rotational assignments and simulations were also frequently mentioned in the literature.

Feedback intensive programs (FIPs) incorporate several of the best-practice methodologies. These programs often include classroom lecture, 360-degree feedback, self-assessments in areas such as personality preferences and decision style preferences, individualized coaching, team-building activities, action-learning projects, and presentations by business leaders. A major strength of such an approach is that it typically weaves a number of learning methods into the fabric of the program. Table 1.2 summarizes common methods utilized in leadership development, listing their strengths as well as potential drawbacks.

TABLE 1.2. COMMON LEADERSHIP DEVELOPMENT METHODS

Learning Method	Strengths	Potential Drawbacks
Rotational Assignments	Experiential, linked to organizational goals.	Challenging logistics, expensive, time-consuming to implement.
Action-Learning Projects	Experiential, linked to organizational goals.	Expensive, requires active management participation and careful planning.
Developmental Assignments	Experiential, should be linked to organizational goals.	Need to choose assignments that provide developmental challenge.
Ongoing Manager Feedback	Powerful impact, relatively easy to implement.	Poor managers give poor feedback.
360-Degree Feedback	Relatively inexpensive, fairly easy to administer, high potential impact.	Must be administered effectively; participant must be willing to put feedback into practice.
Coaching or Mentoring	Effective, relatively inexpensive.	Effective mentoring programs are notoriously difficult to set up, quality dependent on rapport with coach/mentor.
Feedback Intensive Programs	Effective, engaging, high impact, opportunities for networking.	Expensive, need to ensure content relevance to organizational goals.
Workshops/Team Building	Engaging, opportunities to develop knowledge, networking.	Need to ensure content relevance to organizational goals.

(continued)

TABLE 1.2. (Continued)

Learning Method	Strengths	Potential Drawbacks
Simulations	May be tailored to business, flexible format, experiential, engaging.	May be expensive to develop; need to ensure content relevance.
Behavior Modeling with Practice	Very effective at demonstrating skills, practice reinforces skills.	Negative behavior models likely to encourage negative behavior.
Computer-Based Learning	Just-in-time application, convenient, may be tailored to company.	Expensive to develop, limited interaction with others, limited impact on skills development.
Lecture	Quick, commonly practiced around world, leads to wide acceptance	Limited largely to cognitive abilities, knowledge growth rather than skills.
Personal Growth Programs (United Way, Jr. Achievement, etc.)	Experiential, engaging, seem to have high appeal to Generation X, Generation Y.	Not usually tied to organizational goals other than social mission.

Summary: The Future of Leadership Development

There is a great deal of agreement among industry and academic studies about best practices in leadership development. Aligning leadership development to business strategy and talent management efforts, obtaining executive and manager support, identifying the relevant organizational leadership development competencies, utilizing a variety of learning formats, tailoring efforts to the appropriate level of leadership, and finally, measuring ongoing efforts and evaluating outcomes were found to be the most important best practices.

The research also shows that, while the great majority of executives stress the importance of developing a solid leadership pipeline, for most companies, there is a gap between aspirational visions of excellence and actual organizational practices. Moreover, most of the practices are utilized primarily by large multinationals. This may be a result of a belief among leaders at small and mid-sized organizations that some of the best practice learning activities may be too expensive (such as organizing FIPs with action-learning projects) or impractical (rotational assignments are harder to come by in smaller organizations).

All eight major best practices outlined in this article, however, should be within reach of all but the smallest companies. Aligning LD with business and talent management strategy, obtaining executive support, securing management support, taking time to tailor programs to the right leadership level, and utilizing a

variety of learning formats primarily require forethought, ongoing planning, focus, and leadership will, rather than outsized capital outlays. Determining leadership competencies accurately may represent a greater expense for smaller organizations, but one that would seem to merit the expenditure. How can organizations hire the right talent if they do not know what skill sets they require to achieve success?

Measuring the impact of learning may also represent a greater financial hurdle for smaller organizations. Evaluating LD impact at Level 4 or Level 5 is often eschewed by many organizations for reasons of cost. Interestingly, while most organizations do not evaluate at Level 5, regardless of size, the ASTD study on evaluation found that smaller companies are more likely to use Level 5 (ROI) than larger organizations (ASTD, 2009). In any case, smaller businesses and the great majority of large and mid-sized organizations still have work to do to adopt a majority of these best practices.

Future trends in leadership development will likely include greater use of technology, such as web-based training, blogs, discussion boards, and social networking. As globalization continues apace, future best practices will incorporate a stronger focus on global leader development and international business.

Seldom emphasized in the current literature, the one study that did delve into global leadership development found that, while nearly 20 percent of the leaders worked on assignments that required considerable collaboration across borders, only about 34 percent had programs to identify multinational leaders (Howard & Wellins, 2008). Only 25 percent of the organizations had leadership development programs for multinational leaders in place. Moreover, the majority of multinational leaders reported that their preparation to work in a multinational environment was only fair or poor (Howard & Wellins, 2008). Nearly half the leaders had negative views of the support they received from their organizations. Given the struggle for developing and retaining talent discussed earlier, neglecting the development of global leaders is a trend that will likely be reversed.

Some organizations, such as Colgate, Pepsi, and Siemens, already focus on developing global talent. Caterpillar, with an ever-growing share of its market based on exports, has focused LD efforts on many of these “future” areas, creating programs that are global in scope, developing web-based training, creating virtual classrooms, and encouraging knowledge sharing (Bingham & Galagan, 2009). As more companies “go global” and the costs of travel continue to escalate, organizations will need to focus on leveraging communication technology while making more concerted efforts to prepare their leaders to work across cultures.

If companies are to thrive in an ever-globalizing world, they can ill afford to neglect the development of their leaders. Executives and HR leaders have the responsibility for charting a clear LD course for their organizations, a course that must clearly be linked to their business strategy. The eight best practices identified in the current study provide a framework to help guide them in their efforts.

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CHAPTER 2

APPLYING LEARNING AND ORGANIZATION DEVELOPMENT PRINCIPLES TO SPECIFIC ORGANIZATIONAL CONTEXTS

The Higher Education Development Experience

Shelda Debowski

ABSTRACT

Organization development is an important support for institutions as they seek to build stronger staff commitment and innovation. This review describes the core processes of organization development that apply to most settings and the types of support that may be evident from organization development services. These principles are then applied to higher education contexts, where organizational developers must address the needs of very disparate and specialized sub-communities that operate across their universities. The challenges facing the higher education sector in adequately meeting these needs within a highly political context are also examined.

Introduction

The building of organizational capacity has increased in importance as organizations have moved toward a knowledge focus (Debowski, 2006). Knowledge-based organizations include a number of professional disciplines (law, accounting, engineering, etc.) as well as educational institutions. In these settings workers predominantly work with intellectual capital—as expert sources, expert producers, or knowledge consumers. Different forms of knowledge have to be established and consolidated in the organization. Professional staff, for example, draw on their accrued knowledge and expertise and also employ considerable organizational knowledge relating to knowing who, what, if, why, when, and how. In these settings individuals and their work communities spend a large portion of their time working with knowledge that they possess, generate, apply, and/or share. Thus, effective knowledge workers operate on two levels: (1) as competent professionals who draw on their formal skills and expertise and (2) as members of a particular organization, where they must operate within political, functional, and cultural contexts.

Knowledge exchange and learning are important principles in knowledge-based organizations. People must draw on the different sources of expertise that abound in their work settings and are also expected to contribute to the collective learning that sustains these types of organizations. They must operate in a socially connected setting that allows for interchange across the different political structures. Communities of practice are significant cultural strategies, as they promote shared learning between staff with similar interests and stimulate innovation. A culture of collaboration also assists in building robust and supportive communities in which learning, openness, and change are better enabled. In these settings, where ongoing learning and interchange need to operate, the development of these organizational qualities has to be carefully ensured through the provision of effective support.

Organization and Staff Development Services

The presence of an organization and staff development service (OSDS) in an organization can offer considerable benefits. While it will be valuable in any type of setting, it is particularly important in knowledge-based communities, where ongoing learning and growth is required to achieve the core functions of the organization. As a critical transformative human resources agency, the OSD group may operate across the following dimensions:

- To promote stronger awareness of the organizational priorities and strategies
- To prepare leaders for their roles and assist their ongoing development (Van Velsor, McCauley, & Ruderman, 2010)
- To encourage communities of practice and learning exchange
- To assist different communities within the organization to address change, cultural issues, conflict, or other critical matters
- To provide learning avenues so that staff may maintain their currency and level of skill
- To facilitate organizational change, and/or
- To promote new values, systems, processes, and innovations

OSDS generally operate at five levels to support the ongoing development of the organization:

1. Large-scale organizational transitions are assisted through the promotion of changes to cultures, practices and policy. Effective OSDS operate as catalysts to bring cross-disciplinary groups together and to encourage strong leadership of transitional initiatives.
2. Organizational groups and business units may be assisted by facilitating groups as they work through particular issues, change programs or ongoing education of members.
3. Cohorts of staff who perform similar functions may be supported through specific development programs to enhance their leadership and professional or role-based capabilities.
4. Teams may be guided toward a stronger culture, better practices, or reduced conflict.
5. Individual staff may be assisted through participation in learning and development experiences. Opportunities to learn at point of need greatly assist staff to maintain their currency and preparedness for their careers and current roles.

The focus of a particular OSDS will be determined by a number of factors, including:

- The organizational mission
- The stage of development of the organization
- The resources and skill sets of the organizational and staff developers
- The structure in which the OSDS is placed (as either a central service or dispersed, localized support system)
- The broader philosophy of the organization

A key challenge for these agencies is that they will need to shift their practices regularly to keep pace with the evolving organizational needs. Workshop content

must regularly shift to match the strategic focus of the organization and the emergent learning needs of staff. Development programs are best designed around the needs of the cohorts and increasingly draw on learner-centered theories. This means that each group may experience a unique program that reflects their specific development needs. The modes of learning are also evolving. e-Learning has escalated in its application to staff development; however, it is increasingly being recognized as best operating as a blended learning strategy where participants can also meet and discuss their experiences with like-minded colleagues. The use of in-house OSDS means that close partnerships can be developed and sustained with different members of the learning community. The sustained support of complex learning can also be well managed through in-house assistance, as it is likely to be an iterative process.

Complex change is being encountered by many organizations as they operate in increasingly competitive and globalized settings. Our understanding of change has been greatly enriched by the work of Schein (2009), Kotter (1996), and Bridges (2009). There is greater recognition of the need to work through transitions and to better understand how individual values and subcultures can influence acceptance of new processes, organizational strategies, and environmental redesign. The OSDS plays an instrumental role in educating leaders as to how change and transitions best operate and in guiding their leadership of their communities during times of upheaval and dislocation. Leadership development continues to escalate in importance as the impact of leadership styles on organizational culture and performance become better understood (Van Velsor, McCauley, & Ruderman, 2010).

In designing appropriate approaches to support a particular community, it is necessary to be particularly attuned to the context and the broader setting in which the organization operates. A technical firm, for example, might spend considerable time in ensuring safety and risk management issues are addressed and in encouraging an understanding of the main strategies that are employed across the professional community. A law firm generally aims to educate its workforce as to the use of standardized protocols and the specialized processes that are required of all staff. Where the community is relatively homogenous, the OSDS strategy can be relatively easily designed and managed. In some situations, such as universities, however, the achievement of high-quality support to university staff can be seen as very complex.

Higher Education Development

Higher education is undergoing considerable change as it adapts to globalization, larger student cohorts, the increased use of technology, and a changing relationship with the wider community. This is leading to considerable focus on

human resource issues (Coates & Goedebegeure, 2010; Winefield, Boyd, Saebel, & Pignata, 2008).

University communities comprise distinct sub-communities that are differentiated by roles, employment conditions, performance requirements, career avenues, developmental needs, and clearly separate subcultures (Becher & Trowler, 2001; Bergquist & Pawlak, 2008; Lee, 2004). Most universities incorporate academics, researchers, and professional staff in their staffing profiles.

Professional staff is commonly employed to support the teaching and research mission of the university. They are normally highly skilled and talented professionals who operate within established performance parameters and as part of a large service infrastructure. They may be located in a central university service area or via a distributed network that assists particular faculty across the university. Their employment conditions are normally highly stable, with individuals operating in their roles until they retire, resign, or move to a new position. Thus, the turnover in professional groups within a university is likely to be comparable to that encountered in other organizations.

Researchers are regarded as the least secure of any group in universities. They rely on research grants for funding and generally must maintain very high performance to be perceived as competitive. Science-and-technology-based researchers may work in teams or offsite in allied work settings (such as industry, technology parks, or hospitals). Researchers are likely to be highly mobile, reliant on successful grants for ongoing employment, and very focused on career management to protect their employability (Delamont & Atkinson, 2004).

Academics who teach and conduct research are supported by the annual funding streams that come to a university. Their dual role of teaching and research creates some complexities in balancing the two demands and in achieving high-quality teaching and the required research productivity (Buller, 2010; Wulff & Austin, 2004). While academics are generally more secure than most researchers, there are very high percentages of casual teaching staff and contract appointments—particularly at the junior levels of the academic structure. To progress in their careers, academics must undergo rigorous performance reviews that include external peer assessment and very high performance expectations. Gappa, Austin, and Trice (2007) argue that the five key elements to successful academic work are equity, academic freedom, flexibility, professional growth, and collegiality. While academics are primarily linked to the development of their discipline, they will assume larger leadership roles as they progress in their careers. The shift from academic to leader can be quite significant and is recognized as offering some particularly large challenges for many, particularly in ensuring the academic community operates in a fiscally and educationally responsible manner (Blake, Debowski, & Sharma, 2009; Bland,

Weber-Main, Lund, & Finstad, 2005; Debowski, 2011; Fullan & Scott, 2009; Groccia & Miller, 2005).

The variant structural, funding, and performance arrangements of university staff have led to a range of different agencies that support the organization and professional development of university staff. Instead of operating as a single service agency, many universities have split the organization and staff development support into discrete service groups that each focus on a particular university cohort or function. Each service agency also reports to a different member of the executive group and may be working toward different accountabilities and strategic priorities. The professional and pedagogical paradigms that operate within each of those agencies can also be quite different.

Organizational, professional, research, and academic development experts have emerged across the international sector, reflecting these different reporting and conceptual arrangements. This distinctive approach to supporting organizational learning and change has generated some particular challenges in meeting the needs of constituents. Some of these challenges are discussed below.

1. What Is Important?

With different portfolios, sponsors, lines of accountability and target audiences, each of the development agencies has segued into a quite diverse service niche. Research development, for example, commonly focuses on the getting of grants, measuring research outputs, and monitoring research integrity. Research development officers may work within faculties or centrally. However, their work is predominantly focused on ensuring research is productive and meeting the requirements of the external funding agencies. They will often be recruited because of their own background expertise in research. The sponsor for this service group is normally the research executive member (for example, deputy vice chancellor or provost, research). The focus on research development has escalated markedly in recent years, as national bodies push for higher standards of research integrity and universities seek ways of escalating researcher productivity, innovation, and performance. There is evidence of a greater understanding of the progressive development needs of researchers at various stages of their career cycle (Debowski, 2010), however, the primary focus and expertise continues to emphasize grant-seeking and management. In recent years research has become a highly public element of university work. International metrics where all universities are ranked, primarily on their research performance, have resulted in more performance management and measurement of research.

Academics have primarily received support through academic development units that focus on learning and teaching. This field of development has been

in existence in developed nations for some thirty to forty years and has a strong theoretical base relating to research on student learning (Grant, Lee, Clegg, Manathunga, Barrow, Kandlbinder, Brailsford, Gosling, & Hicks, 2009; Young, 2008). Academic developers are commonly recruited from faculties and are often selected on the basis of their excellence in teaching. Their roles are primarily focused on building foundational level teaching skills across new university staff (Kandlbinder & Peseta, 2009; Young, 2008). However, the success of this work is hampered by the high proportion of casual staff who are employed in any university and by the undervaluing of teaching in university reward and recognition structures. The sector has begun to recognize the importance of cultivating stronger academic leadership, and this has become a major focus in some universities—although not necessarily through academic development units. In recent years, there has been an increasing volatility evident in the sector, with many teaching and learning centers being restructured, directors being removed, and reviews being undertaken (Debowski, Stefani, Cohen, & Ho, 2011; Gosling, 2009; Schroeder, 2011). (This could be attributable to the increasing number of executive staff who are being appointed to oversee the teaching function and its effectiveness. Teaching and learning is now a highly politicized domain, with national league tables measuring supply, demand, student ratings, and other forms of competitive metrics.)

Organization development service groups primarily operate through the human resource section of their universities. They are often small, specialized groups that will address a wide range of issues, depending on the priorities of their reporting executive and the resources made available to them. Leadership development has been a large focus of these centers and is being increasingly recognized as an important priority to build organizational capacity (Van Velsor, McCauley, & Ruderman, 2010). Academic leadership has primarily been supported through these agencies (Debowski & Blake, 2007). OSDS staff may also undertake 360-degree reviews, cultural analyses, and many other forms of support to assist their communities. They may offer formalized, cohort-based programs and facilitate customized programs to support the specific needs of organizational groups or areas. In general, their roles are highly reliant on building strong relationships and in working in partnership with clients, other developers, and external consultants.

2. Competitive or Collaborative?

Although the three development services are all focused on assisting their respective communities, there is considerable potential for turf wars, given that each reports to a different member of the executive, funding arrangements are very

different, and the anticipated outcomes are likely to be heavily influenced by the different sponsors. The research and academic developers generally lack professional grounding in organization development or adult learning principles, focusing instead on their knowledge of the professional role that their constituents perform. While this differential expertise could be regarded as complementary, it may not be viewed in this way by the parties involved.

The segmentation of support also creates a risk of limiting recognition of the complex role that academics encounter (Debowski, 2007; Sorcinelli, Austin, Eddy, & Beach, 2006; Wulff & Austin, 2004). A major challenge for academics, for example, is the balancing of high-quality teaching with highly productive and influential research, as well as contributing to the ongoing development of the university, school, and discipline. The different messages received from uni-dimensional developers can cause confusion and may disregard the conflicting messages academics receive. Time, priority, relationship, and career management, as well as other meta-strategies to achieve effective role enactment, may be largely ignored by academic and research developers, as they fall outside their corporate brief. While these professional skills might be addressed through workshops, the participation of academics in such workshops is minimal, and they are less able to transfer their learning back into the specific work community. In some institutions OSDS have moved into this “gap” to help draw the various components into a more unified whole.

While the difference between the three agencies can offer considerable room for collaboration, it can also generate substantial competitiveness and conflict, particularly where resources are tight or executive members are not collaborative in their focus. This may result in significant gaps in support, with each agency operating in a particular niche and ignoring opportunities for crossover. Fortunately, growing areas of inter-agency cooperation are evident in the United States, U.K., and Australia. These include:

- Increasing recognition of the development needs of researchers with respect to project management, leadership development, career and relationship management, productivity, and impact strategies. This has encouraged links between organizational developers and research development agencies. (See, for example, the Future Research Leaders Program: <http://go8.edu.au/university-staff/programs-a-fellowships/62-go8-future-research-leaders-program/>).
- Supporting academic leaders during organizational change and in their development of leadership skills when they move into formal management roles. This support may comprise collaboration between OSDS and academic developers (Schroeder, 2011).

- Change and innovation programs that encourage increased interchanges among professional, academic, and research staff to address complex organizational issues.

3. Preparing the Developers

Universities are gradually building a more sophisticated understanding of the potential ways in which human resource development strategies may support the various constituents' complex work and changing development needs. However, a major limitation in achieving significant leaps forward relates to the ways in which university developers are being prepared for their roles (Gillespie & Robertson, 2010). Research and academic developers have limited access to professional training with respect to facilitating and developing their professional communities. While academic developers may be knowledgeable about university students and their learning needs, they are less likely to have a detailed understanding of human resource development theory and methodologies. There are moves afoot to build these foundations, but they may take some time to be embedded, as those instructing new developers have learned through the old, established systems of trial and error and modeling from other colleagues. There is a significant need to build a strong theoretical and pedagogical base around developing university staff and their communities.

4. Valuing Development

Universities are under significant pressure to perform to very high levels and, as a consequence, staff within the universities are also being strongly encouraged to focus on productivity gains. In a competitive and output-oriented setting of this nature, some leaders and managers see development as wasted time—particularly if they are focused on short-term outputs. The need to re-emphasize a learning culture orientation is an issue within a number of university subcultures and across broader policy domains.

Universities are challenging and stimulating environments in which to operate as organizational developers. They offer a diverse audience and complex challenges that benefit greatly from the expertise that organization development specialists can offer. They are also in a transitional time, where development is being increasingly recognized as a critical key to the future well-being of the sector. The articulation of the complementary nature of OSDS to other forms of higher education development roles is an important part of consolidating their influence and recognition.

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CHAPTER 3

IMPROVING THE CUSTOMER LEARNING EXPERIENCE WITH WEB-INTERACTIVE GUIDES

Kaliym Islam

ABSTRACT

This case study describes the methodology that was employed by The Depository Trust & Clearing Corporation (DTCC) to validate that their adoption of a new approach to online learning, called web interactive guides (WIGs), was an effective technique for teaching the organization's customers and thus worth the corporate investment. Multiple methodologies were employed to accomplish this task, including focus groups, telephone interviews, and online surveys. The consensus of the study participants was that WIGs had a positive impact on their ability to learn how to use DTCC products and services. Customers also shared the belief that material delivered in this manner was more effective than traditional approaches to the web-based deployment of self-study content at helping them to learn. The study provided the opportunity and rationale for additional inquiry, including research that compares the effectiveness of various types of self-study learning content.

Introduction

Learning leaders are at an interesting crossroads. The electronic delivery of instruction has emerged as the “new” paradigm of modern education (Wu & Hwang, 2010). Corporate America has embraced this reality. In doing so companies are increasing the use of, and the investment in, the electronic deployment of learning solutions as an approach to educate corporate students (Harris, 2010). Studies by Paradise (2007) revealed that e-learning accounted for 30 percent of the \$129.6 billion that was spent in the United States in 2007. The 2010 ASTD State of the Industry Report revealed that in 2009 the electronic delivery of learning solutions accounted for over 35 percent of all training delivered, the highest level since the organization began tracking this information over fourteen years ago (Patel, 2010). Training professionals are thrilled by this investment, largely because they are, for all intents and purposes, united in the belief that delivering instruction in an online environment is an effective means of educating corporate students. Eighty percent of the corporate learning leaders who participated in the 2008 Training Industry, Inc., and TBM LeanSigma survey identified e-learning as the most appropriate way to deliver learning solutions to senior managers. Ninety percent believed that the learning options of all corporate employees should include some form of online instruction. The participating corporate educators worked in various industries including manufacturing, finance, and service (Hollister & Zsitnyar, 2008).

Increased utilization, universal belief, and subsequent investments in online learning have not, however, relieved training managers of the need to justify e-learning expenditures or of the requirement to provide evidence that their companies are obtaining a return on the investment made to support this approach. Phillips & Phillips (2010) point out that CEOs have become more demanding of the learning organizations. These executives want to see the value of learning demonstrated in a format that they can understand.

To further complicate matters for training professionals, the definition of online learning is blurred at best, and constantly evolving. What started with the use of film to train the soldiers morphed into the teaching machine of B.F. Skinner in 1945. This was followed by distance learning in the form of correspondence courses. The introduction of the personal computer created an environment that facilitated additional morphing. CD-ROM training was introduced, followed by self-paced e-learning, then live instructor-led training over the Internet (Chen, 2008). The recent popularity of online universities has further pushed the envelope of online instruction by combining instructor interaction,

multimedia delivery of content, chat and blog functionality, wikis, library searches, and small group online interaction.

Training professionals are thus faced with the daunting task of first identifying which approach or combination of approaches are the best fit for their respective organizations and then providing business executives with evidence that this selection and the results of the selection were worth the investment that was made by the company. What follows is a case study that describes the evolution of online instruction at The Depository Trust & Clearing Corporation (DTCC) and the approach that was used by the organization to validate that the Customer Training Group's adoption of a new online learning approach, Web Interactive Guides (WIGs), were an effective way of teaching customers and thus worth the corporate investment.

e-Learning at DTCC

The Depository Trust & Clearing Corporation (DTCC) is the world's largest post-trade infrastructure organization. Its customer base extends to thousands of brokers, dealers, institutional investors, banks, trust companies, mutual fund companies, insurance carriers, hedge funds, and other financial intermediaries. The company provides custody and asset servicing for 3.5 million securities issues from the United States and 110 other countries and territories. It operates through seven subsidiaries. Each of these subsidiaries serves a specific segment of the securities industry (About DTCC, 2010).

The responsibility for teaching the DTCC customer base how to use the products and services of the seven subsidiary firms falls upon the DTCC Learning Group. Until 1999 this educational effort was accomplished exclusively through the use of hard-copy documentation and on-site instructor-led training. In 2000, however, the shift to electronic delivery of instruction began, and the organization started delivering learning programs via self-paced e-learning and other electronic modes of delivery. More instructor-led facilitation took place online. Self-study material in the form of books and manuals was also made available through the Internet. These books, manuals, or guides could be as large as several hundred pages. In order to be used they needed to be downloaded in their entirety.

As the years progressed, the organization continued to adopt more and more "state of the art" approaches to delivering online instruction. About a year ago, the concept of web interactive guides (WIGs) was introduced. These learning tools consist of content that is presented in small chunks, accessed via a web browser, and organized based on what a learner needs to know and what a learner needs to do. The business owners of the seven subsidiaries relayed to the DTCC

Learning Group that they believed the WIG approach to delivering self-study material worked well for their customers.

However, little was known about the actual impact that WIGs were having on the ability of DTCC customers to learn the required material. There was also no data that assessed how customers felt about WIGs, specified whether WIG users learned better or faster than non-WIG users, or uncovered whether customers at least believed that this tool helped them to learn better. With budgets tight due to financial constraints caused by the economic downturn, there was a corporate need to definitively understand which initiatives were working and which were not. Understanding whether customers preferred to use WIGs for self-study content and whether WIGs were more effective than books or manuals at helping them master required content would both help to identify the best approach for DTCC Learning to use in order to deliver self-study content to its customers and drive decisions on where to allocate funds for content development. A research study was conducted to obtain this information. This chapter discusses the findings of that research and the implications that it has on content delivery for other customer training organizations.

What Are WIGS?

The construct of WIGs builds on the concept of both chunking and best practices for the web deployment of content. Chunking is a metacognitive technique that calls for information to be broken down and delivered in chunks or components that are small enough for a learner's short-term memory to process. This approach to delivering content aligns with the work of George Miller, who established that seven numbers, plus or minus two, could be recalled (Driscoll, 2005). Numerous organizations have reported significant learning benefits as a result of employing this approach to learning content deployment. The IRS, for example, found that deploying content by structuring it into quickly consumable units and naming the content in such a way that it can be found quickly with a keyword search reduced both the amount of time students needed to spend in class and the time that students needed to learn a topic (Gold, 2003).

The web-based deployment of learning content has also been shown to have a positive impact on student learning experience. Students who used the Internet for course support had a higher retention rate, and scores were higher for student satisfaction with instructor preparedness, quality of interaction, and instructor feedback (Nelson, 1999). Chien-Hung, Tzu-Chiang, and Yueh-Min (2007) supported this perspective and presented research that resulted in five conclusions that favored the use of this delivery mechanism; students who took web-based

training performed better than their counterparts who received classroom-based training. Students who took web-based training were more satisfied than their counterparts who only received classroom instruction. Learners who took web-based training amassed more knowledge during their learning experiences than the classroom group. Web-based training yielded a more integrated document navigation than the traditional format, and web-based training allowed users to solve problems more quickly than those using classroom-based training solved them (Chien-Hung, Tzu-Chiang, & Yueh-Mi, 2007).

The Research Approach

The users of WIGs are dispersed across the globe and there were a limited number of users at a single location. Therefore, multiple data collection approaches were employed. These approaches included a focus group, telephone interviews, and online surveys. Participation in the telephone interviews was facilitated in the following manner. e-Mail invitations were sent to three hundred customers who were registered as WIG users. The invitation informed the potential participants about the purpose of the interview. The invitation provided the potential participants with a link to a survey that gave them the option to opt out of the research.

If individuals agreed to participate, the survey also provided the participant with an area to indicate the best day and time for them to be contacted. Thirteen customers responded to the invitation. Twelve individuals agreed to participate in the telephone interview and one opted out of the study. The twelve customers who agreed to participate in the study were then contacted by a researcher, who went over the informed consent form, verified that they had permission from their management to participate, and then confirmed the time for the telephone interview.

Participation in the focus groups occurred in a similar manner. An e-mail invitation was sent to thirty-five product and relationship managers who had customers who used WIGs. This invitation explained the purpose of the session. Seven process partners agreed to participate, along with two relationship managers and five product managers. The individuals who were invited had the authority to determine whether they were allowed to participate or not. As was the case with the customers, the process partners who agreed to participate were contacted by a researcher, given more detail on the research, and confirmed. A focus group session was convened at Corporate Headquarters in New York City. Telephone interviews were conducted with more than one hundred participants, and online surveys were sent to another three hundred participants at their facilities.

The limited number of participants in both the interviews and online surveys meant that the approach and results would be qualitative in nature. In other words, although the results would not provide the precise measures that would be obtained through a quantitative approach, they would provide both a direction and an understanding of how and why the participants felt a certain way.

Research Participants

The research participants consisted of two types of WIG users—customers and process partners. Customers were individuals who are employed by the firms that use the products and services of DTCC. These fifty individuals participated in the telephone interviews. Process partners were individuals who are employees of DTCC and function in product support positions such as product and relationship management. These are the seven individuals who took part in the focus group discussions.

Findings

Survey participants had a very positive response to the use of WIGs as a learning tool. When asked to compare WIGs to manuals, all of the respondents replied in a manner that indicated a preference for WIGs. Responses ranged from “WIGs are an improvement or better [than online manuals]” to “WIGs are easier and more comprehensive.”

When asked for three words that describe WIGs, all respondents provided positive expressions. The term that occurred most often in response to this inquiry was “easy” or “easy to use.” The second most used designation was “complete” or “comprehensive.” The third most popular word used to describe WIGs was “informative.”

Respondents also provided very positive responses to questions about WIGs. When asked “How do you think that information presented in this manner [WIGs] affects your ability to learn how to use the service that you are studying?” the term that was most frequently used addressed the “ease of use.” All of the comments in response to this question were positive and in favor of WIGs. This response indicates that respondents seem to believe that WIGs have a positive impact on their ability to learn.

Most participants felt that WIGs were more effective than books or manuals at helping them learn, and most preferred to learn via WIGs. When asked why, those who chose WIGs responded with feedback that suggested the centralization

of the content as the driving factor. Those who selected online books or manuals gave responses that indicated that their responses were based on habit. “Ease of use” was the almost unanimous response that was given when participants were asked to describe aspects of WIGs that they felt enhanced their ability to learn. Respondents seemed to believe that the advantages of WIGs center on their ease of use and the dynamic nature of the tool.

In the eyes of the respondents, the disadvantages of WIGs appeared to be mostly associated with the difficulty that some participants had in accessing them. Respondents reported issues with passwords and the instructions for access. Some respondents also reported a desire to have the ability to more easily print from WIGs.

The technology, as deployed at DTCC, also had some functionality limitations, which might be considered disadvantages. There is no way to identify and record the specific “nuggets” of content that individual learners access and assessments cannot be deployed from WIGs. These limitations would be deal breakers if an organization were considering WIGs as a platform to assess a learner’s skill level or if there were a need to validate that users accessed specific pieces of content.

Implications

The results of the WIG research study indicate that learning organizations can be fairly confident that customers believe that deploying self-study content through WIGs has a positive impact on their ability to learn how to use the products and services and that material delivered in this manner is more effective than the traditional approaches to the web-based deployment of self-study content. These directional findings, however, must be viewed through a lens that takes into account some of the limitations of the study. The qualitative nature of the research itself dictates that the results should be viewed as directional. One can never draw 100 percent certainty from qualitative research.

Perhaps a greater limitation than the research methodology is the relatively small number of individuals who participated in the study. At the time of the research, there were a total of three hundred customers registered as WIG users. Excluding the process partners who participated in the study, feedback was only received from fifty actual WIG users. The feedback of these fifty study participants does give the organization a general sense of the feelings of WIG users, but can only be viewed as directional.

That being said, a review of subsequent registration data seems to indicate that, as the amount of content available on WIGs increases, the number

of registrations for traditional e-learning courses declines, while the number of page hits to individual content pieces on the WIGs also increases. At the end of 2009, for example, The DTCC Learning Group had only four WIGs available to customers. Those WIGs received about one thousand page hits. During the same period the total number of e-learning registrations was 10,076. By the end of 2010, fourteen WIGs were in production. These WIGs received over 69,000 page hits, while registrations for e-learning courses in 2010 declined by 7 percent to 9,389. This seems to indicate that customers have a preference for accessing and using content made available via WIGs.

Two major opportunities exist as a result of this study. The first is to understand the correlation between the increase in WIG page hits and the decrease in e-learning course registration. Do customers really prefer WIGs to e-learning, or are there some other factors that have resulted in decreased e-learning registration? If this assumption is true, then WIGs hold tremendous implications for the broader learning industry. The second opportunity is to repeat the study with a larger audience so that the findings can be conclusive as opposed to directional.

This study also provides opportunity and rationale for additional inquiry in two specific areas. The first is further research that compares the effectiveness of various types of self-study learning content. The WIG study appeared to align or support previous research that addressed similar issues; however, the correlation between the findings was not close enough to make definitive statements. The second area of opportunity is to expand on this research and understand issues that customers are facing around their ability to find WIGs, password issues associated with WIGs, and instructions for using WIGs.

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CHAPTER 4

LEADERSHIP IS GOING GLOBAL

Rainhart Lang and Irma Rybnikova

ABSTRACT

The following contribution provides an overview about the current state of concepts and discussions on global leadership. It starts with a definition of leadership and draws a short picture of the development of theoretical leadership concepts. In the next part we describe the emergence of the concept of global leadership and the different approaches to the concept (a “cultural specificity” approach and a “cultural universality” approach) in more detail, pointing to the main traits, qualifications, and behavioral attributes of global leadership. Furthermore, we examine attempts to measure global leadership. We end with a discussion of perspectives and implications of the concept of leadership in theory and practice.

Leadership Definition

Leadership has always been a favorite topic in organizational behavior, human resource management (HRM), and organization studies. It is defined as a process of individual influence on a group of individuals aimed at the achievement of individual and/or common goals of the group or the organization. Leadership as an interaction process is itself influenced by personal traits of the involved individuals, their behavior, the situation, and the wider context of the process.

In a normative perspective, leadership is seen as a non-coercive form of influence, contrary to the concept of management, which is aimed at the production of change and movement (Kotter, 1990).

Main Approaches of Leadership Research and Practices

Traditional leadership theories or concepts have addressed the aspects of the above definition in different and selective ways:

- The trait approach focuses on the social characteristics, personal attributes, or patterns of the personality of the leader as explanatory factors for successful leadership.
- The behavioral approach describes different styles of leadership and points to the optimal or more successful styles.
- The situational and contingency approaches have highlighted the situational factors, ranging from task characteristics to task-related qualifications and motivations of the followers, which makes certain leaders or leadership styles more successful than others.

Although the traditional approaches have led to a number of practical implications such as trait oriented recruitment and selection procedures for leadership positions or behavioral training or situational leadership training based on the prescriptive leadership model, the approaches have been heavily criticized. The main criticism has been that traditional approaches are leader-centered and selective in their focus on only a few factors.

New leadership approaches instead focus on

- The process of interaction of leader and group or followers
- An active influence of followers on the leadership process through the use of strategies and tactics of influencing the leader
- The importance of a credit of trust of the followers for the (new) leader (“idiosyncrasy credit”)
- A growing impact of subjective factors on the process, such as the perception or classification of leaders activities or implicit assumptions on good leadership of the followers
- A contextualization beyond the direct factors of the situation, taking into account organizational factors like corporate culture and structures or societal factors like national cultures, public discourses on leadership and so forth

All in all, the process of leadership is described as being determined by subjective factors, and it can be seen as social construction of the involved actors, and the framing context.

Table 4.1 shows the main differences between traditional and new approaches to leadership.

Within the new approaches, neo-charismatic leadership theory, with a focus on the attribution of extraordinary qualities to leader through his or her subordinates and the concept of transformational leadership, have gained importance during the last years. Moreover, the field of leadership is characterized by an increasing number of topics and concepts, including distributed or shared leadership, authentic leadership, or even global leadership, which have gained importance within the last two decades. While the concept of distributed or shared leadership

TABLE 4.1. MAIN DIFFERENCES BETWEEN TRADITIONAL AND NEW APPROACHES ON LEADERSHIP

	Traditional Approaches	New Approaches
<i>Direction of Influence</i>	One-sided, top down	Both directions
<i>Leadership Behavior</i>	Leadership style	Interaction strategies and tactics
<i>Power Relation</i>	Ruling of the leader	Contributions of follower, power balance
<i>Instrument of Goal Attainment</i>	Success depends on leadership style, "one best way"	Many factors, circular influence, alternative options
<i>Personal Traits</i>	Traits of leader matters	Attribution of traits through followers important
<i>Group Phenomena</i>	Formal leadership, static	Informal, dynamic, emergent leadership
<i>Understanding of Reality</i>	Clear, unambiguous, transparent, manageable	Ambiguous, complex, multifactorial, diverse, unpredictable
<i>Type of Rationality</i>	Facts, impact	Subjective meanings
<i>Paradigm</i>	(Natural) science, positivist	Social constructionist or beyond
<i>Reference to Society</i>	Psychological or micro level	Influence of societal cultures, discourses, models, guiding principles
<i>Leadership Approaches or Concepts</i>	Trait approach, behavioral approach, situational approach	Symbolic leadership, implicit leadership theory, neo-charismatic approaches, dispersed leadership, micro politics

refers to the inclusion of subordinates into leadership activities, authentic leadership can be seen as an answer for a growing tendency of impression management whereby leaders do not have to show visionary or a similar expected behavior. Distributed as well as authentic leadership are important concepts to be considered for global leaders who act in different regions of the world.

The Emergence of the Global Leadership Concept

Internationalization and globalization of firms and organizations in the last few decades have led to consequences for management and leadership. Tendencies like a growing number of transnational or multinational corporations with the use of expatriate managers, multicultural teams, an internalization of HRM, and leadership policies of firms or global recruitment and training, are forming the background for the appearance of the phenomenon of global leadership. The concept emerged in the 1990s and has found its expression in international research projects on global leadership like GLOBE (Global Leadership and Organizational Effectiveness Research Program), in series like *Advances in Global Leadership* published since 1999, and in practical implications in respective training or master's programs on global leadership at business schools worldwide, at global leader summits, and more.

Global Leadership Defined

“Global leaders” are seen as top managers with management positions in international settings or multinational co-operations that work across borders or worldwide and have respective abilities and experiences. Based on the definition of leadership, “global leadership” describes a pattern of leadership attributes and behaviors that allows leaders to work successfully all over the world.

Despite the generally shared aspects of the definition, the notion of global leadership includes two partly contradictory approaches. One stream of research describes global leadership as the *abilities of a leader to act differently in different cultural settings* within a globalized world. Laddin (2003) puts it this way:

“Setting leadership standards based solely on one culture is like deciding to eat only one type of cuisine for the rest of your life. Good leadership, like good food, looks different in different places.” (p. 381)

This position is supported by the research on national cultures and is based on a polycentric worldview. Global leaders are therefore asked to value the respective local cultural tradition and are able to adapt to the various local cultures.

The other stream of discussion views global leadership as a pattern of universal leadership attributes that is similarly seen and valued across cultural boundaries. Research is therefore aimed at looking for these universal values, attitudes, skills, strategies, and behaviors. Avoiding ethnocentrism applies a global or at least transnational worldview. As a practical implication, leaders are recruited and trained worldwide according to these universal standards and asked to display universal values, attitudes, or behaviors.

Although cultural sensitivity and cultural universality approaches follow different basic assumptions on the nature of global leadership, for example, particularistic or universalistic shape of management and leadership, the practical consequences and concepts for selection and training of global leaders tends to be similar, as shown in the following.

Global Leadership: Traits, Knowledge, Abilities, Mindsets, and Behaviors in More Detail

The view of global leadership as being the abilities of a leader to act differently in different cultural settings has mainly stressed a number of attitudes, abilities, and competencies needed to become a global leader.

First, the ability to cope with diversity has been mentioned. It refers to the personality that allows someone to tolerate new and insecure situations (especially situations that differ from the well-known, usual, or normal) through diverse and changing values, attitudes, and behaviors of the groups to be led.

Moreover social competencies like relational competence and emotional intelligence have been highlighted (Alon & Higgins, 2005). “Relational competence is the extent to which a person or organization can effectively and appropriately manage relationships across a diversity of settings” (Clark & Matze, 1999, p. 131). It requires a set of values, cognitions, emotions, behaviors, and communication elements that allow understanding and acceptance of multiple worldviews, perspectives, or positions that lead not only to positive relations with people from other cultures but enhances creativity, growth, relational development, sustainment, and mutual learning. It enables the leader to apply cross-cultural dialogue. In some cultures, such as Asian, Southern and Eastern European, and in a lot of developing countries all over the world (Dachler 1999)), global leaders must be able to recognize and act in such surroundings. Emotional intelligence, on the other side, is a person’s ability to deal adequately with his or her own emotions as well as with emotions of other individuals (Alon & Higgins, 2005). According to Caruso (2005), emotional intelligence consists of four related issues: perceiving emotions, using emotions, understanding emotions, and managing emotions. Clark and Matze (1999) consider emotional intelligence not only as one of the

core abilities distinguishing effective global leaders, but also as an essential precondition for relational competence mentioned above.

Adler (1999) has called for a feminization of global leadership, since the above strengths or abilities of relational competence and emotional intelligence are generally attributed to female leaders.

Another attitude of a global leader who is able to act locally is cultural sensitivity or cultural adaptability (Deal, Lesslie, Dalton, & Ernst, 2003; Graen & Hui, 1999). It means the motivation and ability to adapt one's own behaviors to local cultural norms, values, customs, and expectations. One of the essential requirements for cultural sensitivity is that the manager is acquainted with the culture considered. Despite the closeness of the concepts, gained familiarity with local culture is rooted in a basic cultural sensitivity. The concepts of cultural sensitivity and adaptability do not lose their relevance in the discussion on global leadership.

Moreover, moral or ethical aspects of leader attitudes and behavior have shown to be important for a global leader. Integrity, just like behavior and searching for truth, are seen as central values of a very high importance in some cultures, and therefore have to be taken into account.

With respect to expected behavioral attributes, the GLOBE project (Chokar, Brodbeck, & House, 2007; den Hartog, 1999; House et al., 1999; House, Hanges, Javidan, Dorfman, & Gupta, 2004) has found differences in evaluating participative, autonomous, or self-protective dimensions of behavior across the world. In a few cultures such a behavior is seen as very positive, a good leader to be followed or at least to be respected, while this kind of behavior is seen as negative in other cultures. In the same way, anticipatory, self-sacrificial, indirect, risk taking, formal, sincere, sensitive, enthusiastic, logical, or ambitious behaviors of a leader are culturally contingent, with varying cultural expectations of leadership behavior.

Since leadership is in the "eye of the beholder," leadership constellations with different culturally rooted leaders and their subordinates bear many leadership challenges, as Javidan, Dorfman, de Lugue, and House (2006) demonstrate in the case of U.S. managers in different countries like France, Brazil, or China.

The focus of global leadership as a pattern of universal attributes of a leader and of leadership tries to search for more universal attributes that are similarly seen and valued across cultures. With respect to mindsets or abilities, openness for (new) experiences, broad-mindedness, and simultaneity of thinking, and the ability to see the "big picture" or to cope with ambiguity are mentioned. Moreover, some authors (such as Clark & Matze, 1999) have underlined that self-reflexivity is also among the necessary abilities, whereby this is seen as a meta-competence, a precondition for the other mentioned abilities.

Regarding leadership behavior, the GLOBE project found that especially charismatic, value-based, or transformational attributes are recognized worldwide

as a positive role model, including visionary, inspirational, trustworthy, decisive, and performance-oriented behaviors. In addition, team orientation through collaborative, team integrating, diplomatic, and administratively competent behaviors are among those global universals of leadership behavior. And finally, human oriented behavior, based on emotional and relational competence, is among those actions of global leaders seen as positive and widely accepted, stimulating motivation and commitment worldwide. Regional and country studies within GLOBE, however, revealed differences in the importance of the above mentioned behaviors, as well as in the special combination or patterns.

Concepts for Measuring Global Leadership Abilities

The above research, as well as practical needs, have led to numerous activities for measuring global management and leadership abilities or competencies. Bücken and Poutsma (2010), for example, describe twenty-three different psychological instruments able to measure global competencies with a focus on KSAOs: knowledge, skills, abilities, and other personality factors. Their global management competency model includes personality factors, knowledge, skills, and motivation, cognitive processing and learning, behavioral aspects, and performance. The authors conclude that the analyzed instruments cover each relevant aspect of KSAO, but have been found to be often very selective in their focus. Only a few instruments are seen as contributing to a valid measurement, according to their more quantitative, questionnaire orientation and lack proof through the use of different types of methods (“triangulation,” Bücken & Poutsma, 2010, p. 276).

In addition to those instruments that are more focused on global management than on leadership, two widely used instruments for identifying global leaders are described in more detail below: the global mindset instrument developed by Mansour Javidan from the Thunderbird School of Global Management and the Global Executive Leadership Inventory from the Global Leadership Centre at INSEAD, developed by Kets de Vries and others. They have been selected because of their focus on leadership, the broad set of factors, and their practical as well as academic application.

Global Mindset

Global mindset is defined as the set of individual attributes that help an individual do a better job of working with individuals, groups, and organizations that come from different cultural/political/institutional backgrounds. It consists of a number of abilities, skills, knowledge, experiences, and personal characteristics. According to the Thunderbird Global Mindset Project, global mindsets are a

composition of three elements: intellectual capital (IC), psychological capital (PC), and social capital (SC). The Thunderbird Global Mindset Inventory (TGMI) is an Internet-based tool that contains seventy-six items to measure cosmopolitan outlook, global business savvy, complexity, passion for diversity, self-assurance, quest for adventure, willingness to take risks, interest in challenging, unpredictable situations, intercultural empathy, diplomacy, interpersonal impact (Javidan, Dorfman, de Luge, & House, 2007).

Global Executive Leadership Inventory

This inventory (Kets de Vries, 2005), is a 360-degree instrument that applies twelve dimensions for the assessment: visioning, empowering, energizing, designing and aligning, rewarding and feedback, team building, outside orientation, global mindset, tenacity, emotional intelligence, life balance, and resilience to stress. It covers typical dimensions of leadership abilities in general and adds some dimensions that have been found to be of special value for global leaders, such as emotional intelligence or global mindsets.

Perspective on the Concept of Global Leadership

From the very beginning, the concept of global leadership was driven by practical needs of global businesses. This can also be seen within the academic field. The five-volume series *Advances in Global Leadership* has clearly addressed the request for practical advice by putting a strong focus on recruitment, selection, training, leadership development, coaching of leaders across borders, and the adaptation of the appropriate style or tactic of influence. Even in contributions of a conceptual or empirical research nature, the authors often dealt with necessary abilities or skill formation or normative models of leadership development (for example, DiStefano & Maznevski, 2003). Even authors of the GLOBE project demonstrate the practical implications of their findings to enable managers to act and lead competently in different cultures (Javidan, Dorfman, de Luge, & House, 2006). According to the demographic situation in the Western hemisphere, global talent management with a reference to future leaders becomes another big practical issues of global leadership, as recent publications on global management and leadership indicate (Sloan, Hazucha, & Van Katwyk, 2003).

Although the concept of global leadership is now around twenty years old, it still seems in its infancy as a scientific, theoretically well-based, empirically well-researched, and practically usable concept.

From the standpoint of theoretical underpinnings, the concept of global leadership is still close to traditional approaches of leadership with a focus on

traits, on facts instead of meaning, on objective measurement, and a focus on leaders instead of the led (see Table 4.1). The GLOBE project, on the other hand, tries to add a constructionist perspective through a focus on implicit leadership theories and societal values and culture. If multiple perspectives are applied for measurement, the same can be said about approaches at INSEAD or Thunderbird. Further research attempts may therefore be focused on the social construction of the meaning of global leadership in national and even international scientific and public discourses. Empirical studies seem to give more attention to the effectiveness of global leadership (for example, Hogan & Benson 2009), and there is still a practical lack of valid and useful instruments for measuring cultural leadership competencies, such as cultural intelligence (Ng, Van Dyne, & Ang, 2009). More instruments should be based on inter-subjective, triangulated evaluations such as 360-degree feedback.

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World Economic Forum: Young Global Leader: www.weforum.org/en/Communities/Young%20Global%20Leaders/index.htm

Institutions

INSEAD: Global Leadership Centre: www.insead.edu/facultyresearch/centres/iglc/index.cfm

Thunderbird School of Global Management: www.thunderbird.edu or www.thunderbird.edu/about_thunderbird/inside_tbird/truly_global/global_mindset.htm

Tufts University: Institute for Global Leadership:
www.tuftsgloballeadership.org

Projects

Global Enterprise Experience: www.geebiz.org

Homepage GLOBE Global Leadership and Organizational Behavior Effectiveness Research Project: <http://business.nmsu.edu/programs-centers/globe/>

Publication Series

Advances in Global Leadership: www.emeraldinsight.com/products/books/series.htm?id=1535-1203



CHAPTER 5

WEB 2.0 APPLICATIONS IN CORPORATE TRAINING

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ABSTRACT

This chapter examines how Web 2.0 technologies facilitate work and productivity for teams through a range of new worker-driven functionalities and the merger of work and learning. This is in contrast to first-generation computer-based learning that is self-paced but instructor designed and led. The chapter describes adaptive and generative modes of experiential computer-based learning, defines virtual distance and the meta-cognitive skills that employees need as they use Web 2.0 technologies, and elaborates on ways learning and HR professionals' roles are changing as a result of user-driven learning.

Introduction

Consider the evolution of web-based technologies and functions, summarized in Table 5.1. Older technologies (Web 1.0) rely primarily on one-way, instructor-to-learner communication using websites and search engines, CD-ROMs, or files downloaded from the Internet. For example, learners review a PowerPoint

TABLE 5.1. WEB 1.0, 2.0, AND 3.0 FUNCTIONALITY

Characteristics	Web 1.0	Web 2.0	Web 3.0
Technologies	Computer-based training delivered on CD-ROMs, videos, PowerPoint presentations, Internet-accessed web pages, and downloaded programs	Web-based programs for file sharing, team communication, gathering, requesting information from others, and team interaction as work is conducted	“Smart,” often wireless technologies, and telepresence for virtual meetings available to subject-matter experts to support ongoing teamwork and decision making
Functionality	Presentation and demonstration for skills training, acquisition of knowledge, conveying policies instructions, and procedures	File sharing, allows contributions from members (blogs, micro-blogs, wikis, social media, crowd sourcing) to share information and ideas; can be synchronous for groups to work virtually (online meetings); support for collaborative work	Aggregation of information and data from diverse sources, synthesis and analysis of data, directing attention to ideas and sources as they become available
User Interface	Learners follow structured protocols; self-paced	Work context-based learning; learners interact as needed based as they work	Multiple technologies (mobile devices, pads, notebooks) and smart programs shape knowledge and support work
Uses	Teaching skills, conveying knowledge (facts), communicating policies	Collaboration among learners; file sharing for joint work, bookmarks to collect and share favorite websites	Collecting information, tracking progress, aggregating data, synthesizing information fed to individual subject-matter experts and work teams to support specific and ongoing initiatives
Feedback	Quizzes and tests along the way or at the conclusion of a program; allows branching so that rate of presenting information can fit learners’ capabilities; learners can repeat material until they “get it right”	Team members seek and give feedback on their own	Systems collect, analyze, and present information for supporting work and tracking progress
Roles of HR/ Learning Professionals	Design training material, lead instruction, assess learning, and reinforce transfer of learning to the job	Facilitate employee-driven learning as work is done by individuals and teams	Design systems that support ongoing teamwork, decision making, and ongoing learning

presentation, view video demonstrations, and respond to multiple-choice questions about what they learned. These technologies are ideal for adaptive learning—training in skills, conveying knowledge, explaining facts, outlining policies, and demonstrating procedures (Mayer, 2001, 2008).

In contrast, Web 2.0 is the euphemism for web-based software that gives the user access to vast ranges of information and communications, including social media, virtual worlds, blogs, micro-blogs, and wikis (McCormack, 2002; O'Reilly, 2005). These applications are readily available on the Internet and are easily accessed by anyone. Generally, they are already used by employees as they play, work, and learn, thus controlled by the learner. They are ideal for generative learning—working on problems that do not have right answers. Employees use Web 2.0 functionality to initiate and control their own learning through online search, crowd sourcing (open queries to experts and colleagues), document sharing, and applications of group communications technologies that incorporate chat rooms, web cams, and presentation of a host of file formats and web links (Fahy, 2008).

For example, consider a manager charged with developing a new product. The manager can easily form a team of experts from different parts of the company, or several partner companies, regardless of location; set up a website for sharing files and a home page for conveying current status; and use web-based software for online meetings that include web-cams and large screens (telepresence), so that team members can interact in real time as if they were face-to-face. These meetings can be recorded. A wiki can allow members to contribute technical information and knowledge. Blogs managed by subject-matter experts can provide a running record of ideas and accomplishments on different elements of the project. When members need to develop a skill or acquire new knowledge, they can access an online, self-paced training module from the company's training center, a consulting organization, or publicly available websites found through search engines that include just about every non-proprietary technical and non-technical discovery and point of information ever recorded. They can pose questions to fellow experts within and outside the company (crowd sourcing). They are connected with each other and to this mammoth range of information and data at all times. The manager's role is to structure a process that utilizes these resources while empowering members to interact as needed as the project unfolds. Using the technologies presently available, work and learning can be integrated to the extent that the work becomes learning—learning how to work faster, better, and with increased results.

Web 2.0 is just the start of a major change on the horizon. Wireless applications operate on a host of technologies (mobile phones and pads) that do not require search engines. Web 3.0 technologies are smart devices that have the capability to search and aggregate information based on users' interests and preferences. Web 3.0 technologies allow companies to track users' interests

and limit the information, similar to targeted marketing. Once a product has been searched online, subsequent searches will point to the same product over and over as “smart” processes mine the data and subsequently limit exposure to information. On the job, team members can be alerted weekly to new publications or news items related to their work and summarize highlights to be delivered as e-mail, a text message to team members’ cell phones, and/or posted on a blog. A data warehouse can collect needed information on a regular basis from different sources and analyze trends. Search mechanisms can discover available information on how other teams have solved similar problems, estimate the probability of different outcomes, gather and summarize opinions from stakeholders, and recommend solutions to the team members.

The Challenge of Web 2.0 for Teamwork and Development

A major challenge is harnessing the array of technologies in ways that are useful and lead to desired end products including accomplishing work goals and learning in the process. Web 2.0 technologies facilitate social interaction, group work in geographically dispersed work spaces, and self-initiated and self-directed learning.

Social Interaction

Organizations are using social media to allow employees to work 24/7, stay in touch, track team progress, and develop team and organizational identity and spirit. Employees using a social networking site such as Facebook or Twitter can establish “colleagues only” accounts that link team members, update each other on accomplishments, brainstorm ideas to solve problems, and celebrate accomplishments. A company-wide site on such a network can build corporate identity and pride and expand expertise. Employees can form their own networks and join networks within and outside the organization that align with their career and professional interests. Security can be added to ensure access to authorized users and to prevent anonymous posts that may malign, mislead, or in other ways prove dysfunctional.

Geographically Dispersed Work Spaces

A major advantage of Web 2.0 technologies is that they allow groups to work on organizational problems and possibilities with geographically dispersed members (Duarte & Snyder, 2006). Not being face-to-face makes interaction different in a number of respects (Fisher & Fisher, 2000). Team members can vary in geography,

which means coping with time zone, language, and cultural differences. Members can also vary in profession, education, economic background, social status, and demographic characteristics. Karen Sobel Lojeski and Richard Reilly referred to these differences as “virtual distance,” meaning employees’ perceived differences when their major method of interaction is not face-to-face (Lojeski, 2009; Lojeski & Reilly, 2008). Employees in such situations need to develop skills to recognize and overcome these differences when they interact virtually.

Self-Directed Learning

Another advantage of Web 2.0 is that employees can learn on their own, diagnosing their own performance gaps and seeking remedies at the point of need, rather than waiting until the company’s training department offers courses. This technology limits the need to travel. Workers can seek feedback from their fellow employees and learn by searching available and often free resources and following self-paced training guides.

This is not to say that an organization can or should disband its training function or stop investing in formal training, performance appraisal, and career management resources. Rather, employees can take more responsibility for their own professional development. In turn, HR/learning professionals can leverage technology and other tools to become collaborative design coaches who facilitate learning within the context of the work, thus building employee capacity to perform.

Adaptive and Generative Learning Processes

Work and learning processes can be classified as adaptive and generative to different degrees. Building on the work of organizational learning theorists such as Peter Senge (1990) and Christopher Argyris (1999), Valerie Sessa and Manuel London (2006) distinguished between adaptive processes that expand current skills and knowledge and generative processes that create new skills and novel ideas. Adaptive learning is one-way and generally applies Web 1.0 technologies. Examples include communicating standard operating procedures or providing job aids that show how to perform a task the way the organization wants it to be performed. Instructional technologists design structured training programs that are delivered by professional trainers and evaluated in post-training exams and on-the-job supervisor performance appraisals.

Generative learning is dynamic (unstructured, constantly evolving) and multi-directional (learners interact with each other and with a group leader and learning facilitators). Employees do not wait to be told what and when to

learn, but take responsibility for their own learning at the point of need. The focus is on solving problems that do not have one single right answer. Instead of designing and delivering standard training, human resource professionals become collaborative guides, coaches, and facilitators of individual and group learning that is tied directly to the work. Therefore, employees and human resource professionals alike need to develop new skills and gain competence, confidence, and comfort with Web 2.0 tools.

Meta-Cognitive Skills for Active Learning

David Kolb (2001) conceptualized four stages of active learning: experiencing, reflection, abstract conceptualization, and exploration. Building on these concepts, Manuel London and M.J. Hall (in press) described adaptive and generative forms of each active learning stage. Adaptive forms represent current roles, and generative forms have implications for new and emerging roles for HR and learning professionals.

Examples of adaptive methods for sexual harassment training might include the following:

1. *Experience*: Employees are sent to a training program to learn the company's policies on sexual harassment. HR/learning professionals provide guidelines, show video demonstrations, and facilitate role plays.
2. *Reflection*: Employees think about their own experiences, how they reacted, and what they could have done differently under the circumstances. HR/learning professionals guide them through the reflection process.
3. *Abstract Conceptualization*: Employees review what they learned and suggest dimensions that summarize key elements of harassment behavior and responses. HR/learning professionals record and synthesize trainees' responses and then show the trainees the company provided set of dimensions for comparison and completeness.
4. *Exploration*: Employees role play situations and demonstrate what they learned. HR/learning professionals facilitate the role plays by setting up the scenario framework, helping the workers design questions for reflection, coaching learners to give each other feedback using techniques that the employees can incorporate into other situations, and giving corrective feedback.

Examples of generative methods for eliminating sexual harassment in the workplace might include the following:

1. *Experience*: Employees share experiences and recognize a problem. They establish a blog to share experiences, an information data set to capture examples,

and use a survey tool to collect data on attitudes. They seek information to address the issues using the search capability.

2. *Reflection*: Employees form online discussion groups to digest the meaning of their experience by sharing ideas about the causes, identifying frequently occurring events, understanding possible roots of the problem, and examining consequences. HR/learning professionals collaborate with workers to design communities of practice to post data, share ideas, ask questions, and discuss findings.
3. *Abstract Conceptualization*: Employees hold virtual forums to hear from experts and share their own thinking about the causes and consequences related to an issue such as harassment behavior and why it cannot be tolerated. HR/learning professionals identify experts and expert information so that employees can benefit from what has been learned and experienced by others.
4. *Exploration*: Employees seek safe environments for trying different behaviors in response to harassment. HR/learning professionals develop or commission simulations for employees to experience and explore harassment behavior. They form a community of practice to continue the learning and sharing.

These stages of adaptive and generative learning do not necessarily occur in lock-step fashion. Learning may move from adaptive to generative mode between different stages depending on work and learning goals and challenges. Generative learning, especially, is fluid and depends on participants' engagement, not a leader's or trainer's structure.

Emergence of Learning Communities

Web 2.0 applications that facilitate generative learning are both informal and social. Generative learning occurs as employees work together through different communications technologies to solve problems that don't have one right answer and open up new possibilities. They form communities of practice in which members support one another's knowledge discovery and management (Wenger, McDermott, & Snyder, 2002). These communities stay in touch, sharing experiences through discussions, collaborative design, and sharing. Members seek help from others in the community as they tackle tough problems under uncertain or unexpected conditions. This is a great way for workers to connect with both content ("know-how") and subject-matter experts ("know-who").

Diagnosing Learning Needs

The categorization of adaptive and generative modes of individual and team experiences, reflection, conceptualization, and exploration can be applied to diagnose learning needs in both formal training and work settings. For instance, observing a team interaction may reveal that the team members do not take the time to discuss how well they are working together, how much and what they are learning, and whether they can improve their group process and outcomes. This diagnosis can be used to design training and action learning applications that facilitate members reflecting on their experiences, conceptualizing and clarifying ideas, and exploring new ways of working. Human resource development professionals can consider the extent to which the technology and subject matter require adaptive or generative learning. For example, consider the different modes of learning experiences that organizations can use to develop employees' critical thinking skills (Taylor, 2010). Some company learning departments offer critical thinking courses as part of their online, self-paced training software curricula. Employees who are interested in the subject can access the training through the web by selecting from a list of available self-paced courses. This is adaptive learning that takes self-initiative and self-regulation to (1) feel the need, (2) know where to access the training, (3) complete the program, and (4) actually use the learning on the job. The learning adds to the employees' repertoire of capabilities. Other organizations expect employees to develop critical thinking skills by participating in a range of action learning modules that support problem solving. This is generative learning. Rather than structuring the subject and demonstrating its application in particular ways, the topic lends itself to a more fluid and dynamic learning model, such that what is learned takes different forms and emerges in a more serendipitous way than it would in formal learning.

Opportunities and Challenges for Human Resource Professionals

Human resource professionals may design and implement programs to support employees' leadership development and subject matter skill and knowledge acquisition. Learning professionals focus specifically on employee training and development related to business needs. Traditionally, they analyze skill gaps and training needs, design, deliver, and evaluate training programs (on site or via computer), and then assess the value of learning to job and organizational performance.

Instructional designers are learning professionals who create training materials to be delivered virtually or in person. With the advent of Web 2.0 technologies, the roles of the human resource professional, instructional designer, and delivery instructor are changing from learning master and supervisor to learning architect, guide, collaborative design coach, and facilitator. Human resource professionals provide the enabling resources and frameworks, including co-designing virtual sites, facilitating online teams, supporting virtual team leaders, helping employees develop reflection and self-regulatory skills that take advantage of technological resources, and tracking improvements in individual and organizational capabilities.

This collaboration-design-coach role supports workers by providing a roadmap for improving directions with many opportunities to pilot ideas with users, reflect on methods for improvement, and encourage further learning. This model also provides for specific skill-building for workers just in time and at the point of need. Work becomes learning, and everyone in the organization is both a teacher and a learner.

Essentially, human resource and learning professionals are facilitating the merger of learning and work via performance support. Instead of only designing traditional face-to-face classes and workshops events that employees “go-to” and that have uncertain application to the job, performance support is context-based. It is co-created by the user and the learning professional via collaborative tools and techniques.

HR/learning professionals together with information technology experts facilitate employee learning processes by developing the technologies and offering frameworks, guidelines, resources, support, and coaching. Learning professionals are the proverbial guide on the side, no longer the sage on the stage. Many organizations support human resources by making tools and techniques web friendly. These include performance management systems as well as operational methods, including visual approaches to strategic planning, decision making, and change to focus direction at the team and organization level. The tools become a vehicle for team learning and process improvement, with little direct assistance from human resource professionals.

Performance management web-based software that is integrated into the organization’s human resource system and associated organizational processes can (1) communicate corporate objectives, (2) provide a structure for employees and teams to set goals in line with these objectives, (3) evaluate performance, including objective performance indicators (sales performance, for instance) and subjective indicators (360-degree performance ratings from co-workers and customers), (4) provide feedback to individuals, and (5) aggregate performance

indicators across employees in work groups to evaluate organizational capabilities, conduct succession planning, and direct learning resources.

Recent surveys conducted by the American Society of Training and Development (ASTD) (2010) found that learning professionals are not using technologies to the extent that other professionals and their clients are using them. They are behind the power curve now with Web 2.0. Companies are using social media to boost collaboration, to find resources more easily, and to improve knowledge sharing. The respondents believed that the use of social media for learning would increase rapidly, and they recognized that they needed to be on board if they are to remain current and relevant. With Web 3.0 emerging rapidly, learning professionals using an “old schoolhouse” model will be even further behind—and possibly irrelevant in a world that has changed not only the thinking around learning, but the way employees work and collaborate. For example, one research consortium in the organizational and human resource field interacts with its member’s solely through social media and has given up its website. Facebook offers a vehicle for communicating with subgroups, posting current information about offerings (reports, webinar presentations, and discussions), and communication vehicles for subgroup sharing ideas through blogs, wikis, and chats.

The challenges that learning professionals face incorporating advancing technologies in the learning process include:

- Learning professionals need to evaluate learning gaps (what’s missing from their searches) and the accuracy of the information and usefulness of the insights they obtain.
- The technology tempts distractions. People who multitask could be less effective than people who remain focused on one task at a time because they are likely to respond to a host of stimuli that are hard to ignore.
- Differences in language, culture, education, experience, and other characteristics between the participants who are using technology need to be overcome.
- Software needs to help users balance the breadth and depth of exploration and involvement. For instance, learning communities can blossom in the number of participants and socializing that goes far beyond professional topics. On the other hand, some topic-based communities of practice can become too narrow and specialized.
- The technology needs to be secure and non-intrusive. Corporate firewalls, password-protected access, and promises not to track users’ computer addresses are ways to avoid misuse and still take advantage of communities of experts and professional applications of social media.

Conclusion

Web 2.0 technologies are creating many exciting opportunities and challenges. First and foremost, there is an opportunity to revolutionize learning, moving it from an event to a continuous process. This implies an integration of work, learning, and technology. Joe Campbell, global director of talent development, retail and e-learning at Nike, Inc., stated in his online blog (2010) that human resource development professionals need to (1) take advantage of learners who are cyber savvy, (2) incorporate the latest research on social and action learning theories into learning designs, and (3) create approaches to instructional design that address business needs and enable faster design solution to recognize constantly evolving needs.

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CHAPTER 6

HIGH-OCTANE LEADERSHIP

An Essay to HR Professionals for Leading with Impact

Craig M. McAllaster and Lisa Lobao Junkerman

ABSTRACT

Leader legacy is built on accomplishment, but what does it take to produce results? Leaders must always be at their peak. But, think of those who have risen to high-powered ranks, only to fall because they could not inspire vision or move an organization toward change and success. Those individuals may have the traits that have been written about in countless books on leadership, such as vision and integrity, but they failed in one of more the five high-octane blind spot areas, brought together for the first time in this paper.

Introduction

Leader legacy is built on accomplishment, but what does it take to produce results? Effective leadership is as much of an art as it is a science that is often

mastered only after years of trial and error. And, with an eye on the bottom line, board members and shareholders expect more from leaders these days.

Just look at transformational leaders from organizations such as Avon's Andrea Jung, Ford's Alan Mulally, or PepsiCo's Indra Nooyi. Would they have been able to garner the results they have delivered to stakeholders if it were not for their high-performing leadership abilities?

Leaders must always be at their peak. One way to do that is to control the factors that can be controlled. More specifically, leaders need to control the blind spots that can jeopardize accomplishment and performance if they are not properly managed. It would seem like this would not be an issue for those who have risen to high-powered ranks, but consider the many leaders who have not been so successful. Mulally at Ford is well known for his "decision-making style based on huge data dumps and a cool assessment of global trends" (Mulally's Motor Company, p. 68).

How could leaders at computing giant Hewlett-Packard, a company that received the Most Trusted Company Award for customer privacy two years in a row, have resigned or been fired amid a scandal over illegal corporate spying? (www.wsws.org/articles/2006/oct2006/hepa-o02.shtml) Or take the resignation of Harvard University President Dr. Lawrence Summers. Throughout a tumultuous five-year reign, Summers was unable to inspire his faculty to follow his vision. If this could happen in an institution known for its esteemed research on the subject of leadership, it is likely that the rest of us might just as easily fall down the same path.

Influences outside a leader's span of control pose even greater challenges. Disasters like Hurricane Katrina and the 9/11 attacks call for extraordinary leadership—high-performance leadership that can have a tangible and lasting impact. Our environment is characterized by the same unpredictability, fast-moving technology, and rapidly shifting roles and responsibilities (according to the Gale Group).

Change is a constant, and we have all witnessed the rise and fall of individuals who were unable to harness the abilities needed to either transform or improve organizational health. Think about their behaviors and the deficits that existed in their leadership styles. Those individuals may have the traits we expect from an effective leader, such as emotional intelligence, vision, and integrity, but their high-octane blind spots allowed them to fail. Leaders can increase their chances of success by learning from past mistakes and heeding to the five caveat areas (Figure 6.1) that have helped others build their leadership legacies:

1. Earn Respect Through Character
2. Develop Your Leadership Arsenal
3. Think Visionary, Act Entrepreneurial
4. Communicate with Purpose
5. Create a Results-Driven Culture

FIGURE 6.1. FIVE LEADERSHIP CAVEATS

Earn Respect Through Character

Do people appear to respect you because you coerce their followership or do your actions earn their respect and commitment? Leaders with integrity live their values. Their courage, deeds, and behaviors are positive reflections of what is important to them.

To help steer leaders down virtuous paths, many companies are now turning to Eastern spiritual wisdom. Ancient Hindu philosophies are now being used by a growing number of organizations as a means to help guide leaders to balance their compulsion to amass wealth with the desire for inner happiness. Karma

Capitalism, as some call it, is a gentler, more empathetic ethos that resonates in the post-tech bubble, post-Enron zeitgeist. Top business schools such as Kellogg, Wharton, and Harvard have realized its value and expose senior executives to Indian values to help boost their leadership skills and provide inner peace.

These ancient teachings reflect that effective leadership is about being true to oneself—a lesson learned by the late Apple Computer founder and CEO, Steve Jobs. During a commencement address to Stanford University graduates, Jobs shared his own personal account of this theory, which shifted his priorities and way of thinking. After being diagnosed with what doctors thought was incurable cancer and advised to get his affairs in order, Jobs suddenly came face-to-face with a situation that even his wealth and power could not control.

The experience transformed Jobs' outlook on the inevitable consequences that we all share. He instructed graduates not to waste time living someone else's life because our time on earth is limited. Jobs said he greeted every new day with a fresh perspective and asked himself, "If today were the last day of my life, would I want to do what I am about to do today?" He closed his speech by advising students to have the courage to follow their hearts and intuition. "They somehow already know what you truly want to become. Everything else is secondary," he told graduates.

Develop Your Leadership Arsenal

In the words of leadership guru Jim Collins, "Get the right people on the bus, the right people in the right seats, and the wrong people off the bus" (Collins, 2001, p. 41). How do you know when you've found the right person? Among the characteristics to look for is a shared, core value. Collins says this characteristic can't be learned but is already inside those who have a natural predisposition toward those same principals. Those who don't have a predisposition to sharing your organization's core values should be ejected like a virus, he says.

If you do not select your leaders on the basis of merit and how they stack up with organizational values, you could be sacrificing your best performers and impacting your bottom line more than you realize. Case in point: A board member recommends a personal acquaintance to fill an executive's management-level job opening. The executive fills the slot with the recommended candidate in an effort to please the board member. Her new hire lacks not only the skill set required for the job, but even more importantly, the leadership characteristics valued by the organization. The new manager is politically savvy, however, and cleverly maintains a favorable external image, so the executive thinks all is well in the new team environment. Meanwhile, employees get to experience the new manager's innate

qualities, which are in conflict with organizational values such as competency and acting with integrity. They are subject to negative behaviors and a resulting dysfunctional environment that begin to impact overall team performance. You might tell yourself that the ill-equipped manager was at fault here, but in reality, the executive's hiring decision was to blame. Not only was the manager in the wrong seat of the bus, but she shouldn't have been on the bus in the first place.

Beverly Kaye and Sharon Jordan-Evans, authors of the book *Love 'Em or Lose 'Em: Getting Good People to Stay*, believe that when employees resign from companies, they do so to leave bad bosses who exhibit the kind of behaviors in our example. The authors report that, although nine out of ten managers think money is the key to gaining and sustaining talent, in actuality, workers have many choices of where to work in today's highly competitive environment. What is the price tag for worker replacement? The authors say it can cost between 70 and 200 percent of their annual salary.

Leaders must take ownership of hiring the right leadership team in an effort to build and sustain a high-performing organization. In some cases, even with training and development, some managers do not have desirable skills to run productive, positive departments. Those individuals will end up costing the company money and talent in the long run if they remain in their positions. So in the words of Jim Collins, "Eject them like a virus."

Think Visionary, Act Entrepreneurially

Ever notice how nimble and adaptive smaller organizations are at change and risk taking? President and CEO of Yahoo! and past president of Autodesk, Carol Bartz claims those entrepreneurial-like behaviors are even more important in larger companies, because companies that survive know how to change and know how to take risks. She believes good leaders bring entrepreneurship mainstream and reward that kind of organization structure inside the company.

Employees need reassurance that, when failures do result from their visionary and out-of-the-box thinking, it's acceptable, as long as it is quickly identified and acted upon. Bartz tried to instill in her employees the ability to break free from conventional thinking. Autodesk's "Fail Fast Forward" initiative encourages employees to learn how they can apply failure takeaways to new projects. This helps employees think beyond shrink wrap and more about software as a service. "It's getting people to think a little differently," says Bartz (2006).

Leaders in larger and less entrepreneurial-like firms are also at risk of being disenfranchised from their employees and customers and sheltered from what's really happening within their organizations. High-octane leaders realize the impact bureaucracy can have on their effectiveness. Often, by the time information is passed on to them, it has been carefully screened and is no longer timely. Quality management leader, the late Philip Crosby, stated that it was vital for employees to be able to communicate to decision-makers without fuss. "They are the first line of awareness that the ramparts are beginning to deteriorate a little," he claimed (Crosby, 1986, p. 220).

Highly efficient organizations advocate open communication and networking across all levels of leadership. In those types of cultures, hierarchical structures do not prevent employees from having an open dialogue with leadership, so leaders stay tapped into the pulse of the organization so they can respond quickly based on accurate information.

Communicate with Purpose

Communication is among the most crucial of all leadership skills and rates highest in importance, at 84 percent, according to an international survey conducted by the American Management Association. So high-octane leaders are also strong and effective communicators. They view communication strategically, as a means to inspire vision, enhance performance, and shape perceptions. They make every sound bite count and articulate their messages simply and directly so there is no question about its purpose.

This can be particularly challenging as the workplace grows increasingly multicultural and diverse. Leaders today must be able to cross language barriers to inspire and unify workers and customers with many different worldviews. No one has done this more effectively than Rick Goings at Tupperware, whose programs to empower women around the world has garnered international praise.

Jack Welch, Sam Walton, and Southwest Airlines' Herb Kelleher were all known to be good communicators. What made them so effective over the years, however, was not their ability to recite scripted corporate messages, but the way in which each delivered substance. This is the result of their uncanny ability to listen to and then connect with audiences. Welch and Kelleher often made impromptu visits to the front lines to talk with stockroom clerks or baggage handlers. They make connections with employees at every level to learn the realities of their business and invested time becoming knowledgeable about

the details of operations. This gave them a powerful presence that projected sincerity and passion to employees. When they communicated, they energized employees by the example they set.

Create a Results-Driven Culture

How do your employees rate their contributions toward the bottom line? Perhaps you have employee survey results that provide ratings on worker perception in this area. Or maybe you think you already have a good idea. In either case, you may be missing the real story. Findings from a study of more than three thousand knowledge workers conducted by the Hudson Highland Center for High Performance share eye-opening results on the subject. The study indicates that, while 77 percent of workers claimed their work group was high performing, only 10 percent could quantify that they actually generated profitable new products, services, or processes.

So what can companies do to build high-performing teams and avoid those same results? For the answer, we turn to another, more comprehensive study or meta-analysis published in the *Journal of Organizational Behavior*, which was designed to estimate the relationship between emotional intelligence and job performance. Findings from the study suggest that measuring the emotional intelligence of employees could prove to be very beneficial in predicting their ability to work well with others, as well as to lead—two critical areas relating to job performance. Emotional intelligence was found to be the second most important factor in job performance, behind cognitive intelligence.

It is said that competencies like self-awareness, self-management, social awareness, and social skills contribute to emotional intelligence adeptness. But if any one of those four competency areas develops disproportionately, it can interfere with leadership success. For example, if we are extremely self-aware but lack empathy, people might view us as being self-obsessed. There is danger in letting any one skill dominate or unleash itself. David Gergen who directs the Center for Public Leadership at Harvard University and served as an adviser to four U.S. presidents, shares that since the time of the Greeks, we have been told that every leader must control his or her own passions before he or she can hope to command the passions of others. Gergen cites examples of past presidents such as George Washington, who struggled to control his fiery temper, and Abraham Lincoln, who had to overcome melancholia before being able to impel others.

Many leaders and scholars agree that people who are motivated can improve their emotional intelligence levels if given the right information, guidance and

support. Life experience and training are partners to emotional intelligence growth, which can enhance leadership effectiveness.

Conclusion

Leadership is a journey, not a destination, and leaders have many choices to make along the way. Effective leadership is not about reciting company values or dictating change. It is about inspiring others to follow your vision so they become engaged enough to want to make contributions to performance. And whether or not leaders are born or made, we must develop leaders and leadership in our organizations if we are to address the challenges and needs of our organizations and society.

As a leader, you are a target of evaluation on all fronts, so it is critical to stay in tune to how your behaviors could be influencing performance and change. Even Avon's Andrea Jung describes her own leadership development path as a constant process of self-improvement and attributes lack of self-awareness as the reason CEOs fail.

Building a team of people who will tell you the truth and alert you to problems early is critical. Check your ego at the door and make employees feel comfortable enough to share their concerns without fear of retaliation and power imbalance concerns. That kind of openness creates trust and prevents employees from airing their frustrations with others outside your team. The information you garner could be your first clue that an improvement opportunity exists.

Discovering your blind spots and improvement areas isn't always easy, but it's your first step toward greater leadership effectiveness. High-octane leaders stay focused on achieving the results that will take their vision forward, while learning from the mistakes of the past.

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CHAPTER 7

THE SOCIAL CONSTRUCTION OF PRODUCTIVE ORGANIZATIONS

Understanding the Leadership Moments of Everyday Talk

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ABSTRACT

This chapter attempts to build a bridge between recent theories of interactive leadership and everyday practitioners. The author specifically looks at the link between everyday interactions and the larger social structures (organizations) these interactions help construct. The author then takes a micro-level look at organizational interactions and describes the three primary goals communicators must negotiate in order to construct healthy and productive social structures. The chapter concludes by applying this shift in leadership scholarship to the practice of leadership education and suggesting that more emphasis needs to be placed on better understanding micro-level leadership moments.

Introduction

If your actions inspire others to dream more, learn more, do more, and become more, you are a leader.

JOHN QUINCY ADAMS

Adams' quote points out two crucial and connected aspects of leadership that often remain underdeveloped in much leadership literature—micro-level *actions* and macro-level *social impact*. Although contemporary communication scholarship attempts to explain communication's interconnectedness to organizing and leadership (see Barge & Fairhurst, 2008; Fairhurst, 2007; Fairhurst & Putnam, 2004; Giddens, 1984; Putnam & Nicotera, 2009; Weick, 1979), the explanations are often far too theoretical and, therefore, difficult for practitioners to apply in everyday situations. However, they are also far too relevant to understanding contemporary organizational processes to ignore.

Although grand theories of leadership and those exploring grand leaders (Lincoln, Gandhi, Obama, Martin Luther King, Jr., and others) provide very interesting and useful information about leadership, they often do not help us understand the micro-moments that make the difference. In fact, they misdirect our attention from what everyday leadership is all about—*action* and *impact* in everyday social interactions. Leadership, then, is not just about grand people achieving grand accomplishments, but about normal organizational members successfully negotiating the interactive goals required in complex social situations.

Everyday leaders in contemporary organizations must develop in three specific areas. First, they must increase their *mindfulness in interaction*. In other words, they must see the *organizing* taking place in everyday interactions and strive to help all individuals better accomplish the interactional goals necessary to maintain or enhance a desired organizational structure. Second, they increase their *sensibility in performance*. They understand that, in order to make sense together, people must *perform* communication, not simply communicate. Therefore, they stay attuned to the various performances being enacted and help those around them to perform in more appropriate and effective ways. Finally, leaders develop a sense of *criticality in reflection*. In other words, leaders go beyond evaluation and judgment in their reflections of critical incidents or problematic situations. Leaders attempt to understand and explain critical incidents, not to find fault but to clarify meaning. Most importantly, leaders reflect on their own actions as part of the organizational systems being developed and hold themselves responsible for the acts they perform and social impacts they create.

To fully elaborate on the three areas mentioned above is beyond the scope of this chapter. Therefore, we will begin the discussion by focusing on the first

area—*mindfulness in interaction*. The chapter attempts to build a bridge between the practical communication theories (Craig & Tracy, 1995) being developed in academic circles and the practitioners actually responsible for practicing those theories. The bridge begins at the macro level by describing the connection between human communication and organizational structures. More specifically, the chapter discusses what scholars mean when they claim that communication is a series of “coordinated behaviors that have the capacity to create, maintain, and dissolve organizations” (Putnam & Nicotera, 2009, p. 6).

After describing the macro-level connection, the chapter looks at the micro-level aspects of communication activity. If it is through communication that people create, maintain, or challenge organizational structures, then it makes sense to better understand what people actually do when they communicate. Penman (2000) notes:

“In the everyday world of organizations in which I usually work, the imaginings about communication are taken very much for granted. Members of these organizations usually present their concerns to me as centered on the need to improve communication, or to resolve some problem of communication. . . . What they want to do is ‘get their message across better,’ ‘improve the information flow from the top down,’ or make sure that others ‘comply with their instructions.’ These requests reflect a certain imagining of communication that is predominant in our society. . . . In this common imagining, communication is a relatively straightforward activity that we use to achieve effects—sending messages or controlling others. . . . it is actually quite amazing, perhaps a little confusing that we continue to dismiss the complexities and messiness of communication and treat it as a straightforward, success-without-effort process.” (p. 3)

The second part of this chapter, then, attempts to untangle the messiness of interaction by discussing three specific interactive goals communicators must interdependently manage to maintain productive organizational structures.

In short, the chapter suggests that leaders are those who help others act in ways that optimize the coordination and productivity of their interdependent interactions, and make sense of themselves, others, and social contexts in ways that sustain an organizational structure sensitive to and inclusive of all participants. Accordingly, the chapter suggests that more emphasis should be placed on everyday leadership moments, or those moments in critical interactions that potentially have an unhealthy and unproductive “after-life” in organizing together (Pearce, 2007).

The Communication-Organization Connection

Over the past few decades it has become more widely accepted among social scientists that organizations are “socially constructed.” Weick (1979, 1995) suggests that it is better to think of the process of *organizing* as opposed to *organization*. In other words, people are constantly in the process of making sense of the situations they are in, while at the same time acting or behaving in those situations. Giddens (1984) refers to this ongoing organizing process as *structuration*. He suggests that humans act in ways that support or challenge a social “structure” in which they imagine themselves acting.

For example, a professor walking into a “classroom” must imagine it to be some type of place (usually a square or rectangular room with open space and teaching tools along the front and chairs and tables or desks arranged in some type of orderly fashion) consisting of certain types of activities (lecturing, discussing, dialoging, critiquing, arguing) occurring among certain types of “relationships” (teacher/student; student/student; teacher/teacher; teacher/executive; teacher/customer; or any combination). This imagined “structure,” Giddens (1984) suggests, provides interactive *resources*. In other words, the imagined structure provides specific assumptions about what roles, relationships, rights, privileges, sources of power, responsibilities, and so forth all of the members within that structure have and provides the professor and everyone else in the “classroom” with guidelines about how to act. As the professor and the class communicate based on these assumed resources, they enact structural *rules*, or what Giddens sees as the communication patterns people follow in social contexts to socially maintain or challenge what they imagine that context to be.¹

To continue with the classroom example, it is easy to imagine what the classroom communication will look like as professor and students act out the interactive rules of a “classroom.” The use of *resources* such as space, talk-time, non-verbal attention, and so on, will influence the interaction. Professors, most likely, will be provided with more space, even if they do not physically use that space. However, if they choose, they can roam about the space in a free manner as long as they don’t intrude too deeply upon the personal space of the students; which in this case would almost involve touching them. Professors also use their rights and resource of talk-time very differently. Professors, given that they are in a “classroom,” see themselves as having the right to take up as much talk-time as they need to accomplish their objectives. They also use the resource of topic control in a different manner. Professors tend to control or direct what topics are discussed, as well as what topics are not discussed. Professors do not always mean to control and direct topics, but their position of authority has greater influence

on topic direction. Therefore, when they speak, what they say and how they say it has topical implications.

Students, on the other hand, understand that they must use these same resources differently and, therefore, act in different ways to support the “classroom” structure. Students will often remain more confined in both the use of space and time. They usually go directly to their seats, and allow themselves to remain confined and controlled (somewhat). They often raise their hands in order to speak, and wait for the teacher to call on them or give them “permission” to speak.² They will also limit the amount of response they provide. A noticeable difference occurs in the classroom if any one student attempts to take up too much talk-time. When students speak, they will also direct most of their nonverbal attention to the professor, even when they are directly addressing comments from another student.

This simple but very common organizational structure of a “classroom” provides an example of what Giddens (1984) refers to as the *enabling* aspect of structuration—it allows humans to socially interact in ways that are more coordinated and efficient. Organizational or “social structure” provides the individuals operating in that structure with rules or guidelines of how to routinely communicate, which provides the degree of personal stability necessary to function. If we had to make sense of every social situation in which we acted, we would simply go crazy.

Humans, however, are not robotic machines and do have what scholars often refer to as *agency*, or accountability for action. Although many of our interactive choices may be tacit in nature, they are still choices; and individuals can make choices in interactive moments that directly challenge and reframe structures. Unfortunately, we often miss the opportunities to do so. This is due to what Giddens (1984) refers to as the *duality of structures*. He notes that, while the social structures we assume *enable* us to act in a more coordinated and efficient manner, they also *constrain* us by limiting the ways in which we allow ourselves to act.

For example, a professor may announce to students that, although they are in a “classroom” he/she wants to have a “discussion” and not a “lecture.” Although this is a well intended move by the professor, often the professor’s and the students’ imaginings of what a classroom structure should consist of prevent real “discussion” from actually occurring. Even though the professor may rearrange the seats into a circle and sit at the same level as the students in the circle, the interactions still often support a more traditional classroom structure. The professor often does most of the talking (teaching the lessons he/she hopes to accomplish during that session; moderating/correcting/enhancing student interactions, etc.). Students still often hesitate to just speak out and continue to raise their hands (often in a manner in which they wait for permission to speak; professors rarely

raise their own hands to speak), students still direct most of their talk activity toward wherever the professor sits in the circle, and if the professor speaks, his/her comments tend to have more influence on the direction and topic of conversation—what is talked about, how it is talked about, and so on.

In other words, no matter how much everyone agrees to have a “discussion,” the interactions often support the very structure they want to change. Communication scholars suggest this is a primary reason why so many organizational change efforts end up falling short of their intended goals—they don’t change the micro-level communication that supports traditional structures, while explicitly talking about the structure they want to create. Eventually, people see change as “the same old thing all over again.” While external, more explicit structures change (like circling the room) the communicative processes that support the structures do not. The real harm, however, is not that the change itself does not work, but the negative impacts the failed attempt has throughout the organizational structure.

A consulting project in which the author participated included an organization that desired to create a “more inclusive decision-making process” in their organization. The traditional decision making was often done by the general manager (GM) of the plant, with some input from three other managers. A decision was made to include selected staff (representatives of the various departments in the organization) in weekly meetings specifically arranged to identify issues within the organization and make decisions about how to improve them.³ During the meetings it became apparent that certain communicative “structures” were being acted out. Such things as talk time and topic direction were still dominated by the GM and managers; even though at times they tried to give more responsibility to the staff. For example, when staff was “directed” to prepare an issue to discuss in the weekly meeting, how the issue was discussed was quickly directed by the managers.⁴ A staff member would often begin to present an issue, and very quickly management would begin discussing the issue. Management’s comments in reference to the issue were also much more in line with advocating their opinions than they were with inquiring about the idea. Even when management did attempt to inquire, the conversation was often very different.

For example, one manager would often follow a staff member’s point by asking, “What do you mean by that?” Interestingly, when a staff member would be asked such a question, his or her talk-time would often be shorter and he or she would respond with a more conciliatory remark, often with several qualifiers thrown in (for example, “Oh, it was just kind of an idea we had,” “Well, we were just kind of thinking that maybe if we tried to change return requirements we could reduce returns”). On the other hand, a manager

asking the same thing to one of the other managers would spark a much more extended discussion/argument about the idea. Also, when managers spoke, they presented an opinion and then often took a few minutes elaborating on, supporting, and defending the opinion. However, when a staff member spoke, he or she tended to express an idea with a very brief explanation for the idea (“I think we should change the schedule; it seems to fit what we want to accomplish”). Their overall rights, or resources, in reference to such things as talk-time and topic selection seemed very different.⁵

As the project continued, many other dynamics became obvious. For example, as individuals in the meeting discussed an issue, they tended to talk mostly to the GM and almost always ended their remarks by directing their eyes toward him. It became obvious that participants were organizing their thinking around how they saw the GM responding to the ideas and discussion. Consequently, all of the verbal and nonverbal orchestration of the discussion implicitly placed decision-making responsibility back in the hands of the GM and managers.

Although a detailed analysis of these meetings is too much to cover in this chapter, two points are particularly important. First, a more “inclusive” decision-making process was never achieved, nor could it be achieved in the manner in which it was being constructed. Although more people were *included* in the meeting, the meeting itself was never *inclusive*. Bateson (1972) refers to this as *first-order change*. There is change *within* a structure, but the structure itself doesn’t really change. Often, what we hope (and need) to accomplish is *second-order change*, or a change to the system itself.

Second, and just as important, these ongoing failed attempts had larger organizational (systemic) impacts. As staff members were being pulled from their work on a weekly basis to participate in cushy “management” meetings,” other staff members, those not included, began to think they were being treated unfairly. From their perspective, they were being required to do more work while their “colleagues” got to sit in a comfortable room, be treated to donuts and coffee, and socialize with management. On the other hand, those being asked to participate reported feeling overwhelmed by the “extra” responsibilities. Their responsibilities often went well beyond the management meeting and added extra work (although it was never counted as work) to their everyday jobs. One team member (a woman who had worked for the company for more than thirty years and would be retiring in approximately three years) questioned whether she should cancel a life-long dream vacation with her husband to Alaska, because she felt “guilty” for leaving all the work up to the rest of the team. As the meetings continued, what were very good relationships among the staff in the organization became strained, and the overall working climate became more unproductive.

Individual interactions within organizational systems will always have larger social impacts, or what Pearce (2007) calls an “after-life,” which directly impacts our “organizing,” or the organization we are constantly becoming. Therefore, leaders must stay mindful of those interactive moments in an ongoing attempt to help people make sense together and have more positive impact. The question now becomes: What is happening in those micro-moments of interaction that demand a leader’s attention?

Negotiating Social Structures: The Micro-Level Negotiation of Interactional Meaning and the Multiple Goals of Communicators

Although current scholarship recognizes the shift in how we must think about communication and organizations (Barge & Fairhurst, 2008; Cunliff, 2004; Fairhurst, 2007; Fairhurst & Putnam, 2004; Putnam & Nicotera, 2009; Watson, 2004), current organizational practice still seems to imagine communication in a very functional manner. Communication, as Penman notes above, is often seen as a means to an end. This definition presents a misleading understanding of communication and prohibits communicators from fully understanding communication processes. In contemporary organizations, a broader understanding of communication is required to better align communicative impact with communicative intent. However, as often is the case, to go broader we must often go deeper.

Micro-Level Negotiations in Communication

If, as it has been argued thus far, communication is more than simply sharing and clarifying information, what else is it? Communication, from the current perspective, involves interdependently making rhetorical choices in complex webs of contexts to accomplish interactional meaning and establish, maintain, or challenge social structures. Again, while this definition may be of interest to communication scholars, it may serve little purpose to practitioners. To make it more practical, the paragraphs below will focus on the latter part of the definition, or what it means for communicators to accomplish *interactional meaning*.

Interactional meaning (Tracy, 2002) is the organizing sense that individuals make together in a particular interactive exchange. It does not reside in any one individual’s head, nor does it consist of simple information. As suggested above, communication can be considered synonymous with organizing; as humans, we are constantly constructing and organizing our lives together. At a micro level, this

means communicators use symbolic exchange in a constant attempt to accomplish three specific interactive goals required for social structure—task goals, conversational goals, and relational goals.

Task Goals in Interaction. Task goals are accomplished through *speech acts* (Austin, 1962; Searle, 1969). Perhaps one of the most important shifts in redefining communication and, therefore, beginning to understand leadership moments, is the shift away from communication as sharing information to communication as performing necessary social acts on each other. Austin (1962) and Searle (1969) argued that people in social interaction must perform acts upon each other. These “acts” include such things as complimenting, criticizing, questioning, consoling, joking, explaining, challenging, commanding, requesting, informing, correcting, and so on and so on. Tracy (2002) notes that this means people in social situations are constantly attempting to understand “What act is being performed by uttering a particular set of words?” (p. 12). In other words, what is this person trying to do to me when he or she said/did X?

In interaction an individual must also determine what act he or she wants to perform on another. Although this may sound rather simple, the actual performance and interpretation of these acts becomes rather complex. For example, if one wants to perform a “challenge” to another’s act of “recommendation” he or she may simply state, “I don’t think you thought enough about the implications of that decision.” However, as Eisenberg (1984) points out, our speech acts are not always carried out so directly. In fact, people often use *strategic ambiguity* to perform acts indirectly. So, for example, instead of directly challenging another, one might simply raise a question as in the example above: “What do you mean by that?” While framed as a question, it is easy to understand how this same symbolic exchange, especially coming from a manager, can be considered something other than a question, such as a “challenge” or “criticism” or even a “correction.”

Understanding the combination of acts exchanged between communicators is even more important than understanding individual speech acts. Sacks, Schlegoff, and Jefferson (1974) refer to the concept of *adjacency pairs*. In other words, it can be expected that certain acts will necessarily be followed by a complimentary act. The author often shows a clip from the movie *Working Girl* to demonstrate the idea of adjacency pairs. The incident involves Catherine (the boss) grabbing a stuffed toy bunny from her new assistant’s desk and stating, “Oh, great bunny,”⁶ to which the assistant replies, “Oh, I normally don’t have a bunny on my desk. It was my birthday last week.” This simple exchange quickly demonstrates the relevance of speech acts and adjacency pairs. Although the boss performs

what sounds like a “compliment,” the assistant does not appear to hear it as a compliment. Instead, it seems to be heard as a criticism. We know this by listening to the adjacency pair of “acts” being performed. A “compliment” is normally followed by an acknowledgement (“Yes, isn’t it adorable!”), acceptance (“Why, thank you”), deflection (“Oh, it isn’t that cute”), and so on, but normally not by a “defense,” which is what the assistant seems to perform. We see the same type of incident in our example above. If the staff interpreted the utterance of “What do you mean by that?” as an act of questioning, then it would be expected to hear an act of “elaboration,” “clarification,” or perhaps an act of “counter-question” (“What part seems confusing?”). However, none of these acts was performed.

Weick (1979) takes the idea of adjacency pairs one more step and discusses what he refers to as the *double-interact*. In other words, if the third act is considered, the initial meaning becomes clarified. Therefore, in both the movie clip and the meeting room incidents described above, it might be expected that the original speaker would perform an act of “repair” (“Oh no, it’s fine. I love the fact that you want to personalize your workspace” “I’m sorry, I really wanted to hear more about the discussion you had that led you to this recommendation”). Cooren and Fairhurst (2004) note that “We can infer . . . that a positive sanction is taken for granted when no repair is produced in the third turn” (p. 9).

It becomes obvious, then, that accomplishing task goals via speech acts is interactively interdependent and complex in nature. Unproductive acts can occur at the blink of an eye without notice. In another consultancy project, the author discovered after several interviews with various staff members of a health-care institution that a new vice president’s simple act of “asking” a group of front-line caregivers “How can I help you get ahead?” created such a degree of disrespect between the caregivers and new VP that the working environment became less productive. This simple act of “questioning” was perceived to be an act of “patronizing” to a group of employees who already saw themselves as successful and “ahead.” Caregivers reported hearing the VP saying she was better than they were.

Leadership moments, then, involve reframing the “acts” being performed into ones that are appropriate and effective in the context. For example, in the decision-making meeting mentioned above, when a manager stated, “We tried that last year and it didn’t work!” which could easily be interpreted as an act of “criticism,” it was turned into an act of “questioning” by another member performing an act of “clarification.” “You know, Jane raises an interesting question. How did we change last year’s plan to guarantee greater success this year?” Now this act of a “clarification” performs a complex but necessary function. Among other things, it explicitly re-labels the act “criticism” performed previously as an act of a “question” and allows it to be discussed. It also mitigates the negative

personal impact the previous act may have had on the person being criticized and helps repair the image of the person who performed the criticism.

Conversational Goals in Interaction. While performing the appropriate act is important, performing the act in an appropriate manner is even more important, which is the second goal to which communicators must constantly attend—conversational goals. Conversational goals can be considered the “rules of engagement” guiding the interaction. Grice (1975) notes that at its core all interaction is “cooperative.” Even the act of arguing must follow implicit rules that allow it to remain an “argument.” Communicators have tacit understandings of when the behavior that supports an “argument” becomes behavior that supports a “fight,” not because one of those in conflict explicitly states it, but because one, both, or all those in the conflict “act” in ways that suggest a “fight.”

Our conversational goal, then, is to answer the question “Was the speech act performed in the manner that is most appropriate and effective for the current context?” Grice (1975) suggests four general guidelines that help in the accomplishment of this goal. The first, *quantity*, considers how much response is required and appropriate to say. The second, *quality*, considers how directly or indirectly something should be said. The third, *relevance*, considers to which aspect of the topic should the act respond. Finally, the fourth, *manner*, considers how to perform the act in a way that creates consistency in the message and avoids misunderstanding. For example, if an employer contacts a reference of a potential applicant and asks for a recommendation and the reference states, “I can tell you this: he is never late,” it can be assumed that the reference is actually performing an act of “non-recommendation.” This conclusion can be drawn because the recommendation breaks certain conversational “rules.” For example, recommendations usually include a greater quantity of examples, as well as examples that are more relevant to job performance. As social beings, then, we attempt to cooperate in the ways that we perform acts on each other while following implicit rules of interaction. The question becomes, then, How do we determine what rules are appropriate to apply in any given situation? This is where the third goal comes in.

Relational Goals in Interaction. All communicators must successfully accomplish a relational or identity goal in order to have the most appropriate and effective impact. Tracy (2002) identifies four levels of identity operating in any one moment of interaction. The first level is considered a *master* Identity, or the more stable external features an individual brings to the act, such as gender, race, height, age, skin tone, weight, physical appearance, and so forth. A second level of identity is considered *interactional* identity, or the role one takes

(or is given) in reference to another. For example, a child can only exist in reference to an adult, and vice versa; a father can only exist in reference to a son or daughter and vice versa; a boss can only exist in reference to a subordinate and vice versa. A third level is called *personal* identity and refers to “what in ordinary life we talk about as personality, attitudes, and character” (p. 18), and refers directly to the attributions one ascribes to the “personhood” of self and others” (that is, whether self and others are aggressive, passive, genuine, inauthentic, overbearing, caring, etc.).

The final level of identity, and the one most important for this chapter, is *relational* Identity. Relational identity refers to the specific *face concern* or image one attempts to negotiate in a specific context. In other words, since master, interactional, and personal identities are always present and up for consideration, individuals attempt to manage how these identities influence meaning by establishing a specific image in particular moments. For example, a female boss (master and interactional identities) who is concerned about being viewed as not credible (personal identity) may try to enact an image of being overly assertive and knowledgeable in a particular meeting. Face, or relational identity, does not have to be consistent with how one sees him- or herself, but is often related to how one believes he or she needs to be seen in order to participate in a given context. If a subordinate, then, believes it is important to be seen as a “good subordinate” in a room full of managers, he or she may not perform acts of criticism, challenge, and even questioning. And if he or she does perform these acts, he or she may do so using very different conversational rules given the perceived relationship.

Therefore, every human utterance has the potential to say: (1) “This is how I want you to see me” and/or (2) “This is how I see you” and/or (3) “We have the kind of relationship that. . . .” This process becomes very clear in the VP’s “question” to the front-line caregivers, all of whom have struggled through personal, economical, and social battles to have the jobs they have. When performing the act of questioning—“How can I help you get ahead?”—the VP uses a direct conversational manner that is interpreted as an act of “patronizing” or belittling,” neither of which was intended. In addition, in performing the act, she also threatens the face of the caregivers and, in essence, is saying “I see you as less than” and/or “see me as better than,” and/or “we have the kind of relationship in which you need me.” In this split moment, an entire social structure becomes contaminated and restructured in a manner that took months to redirect. The unfortunate fact is that often no one sees what happened. People often don’t talk about face concerns. When one performs an act in a manner that makes another feel incompetent, the other usually does not say, “You just made me feel incompetent.” The person often simply walks away feeling incompetent, angry, or embarrassed.

Conclusion

This chapter suggests, then, that leaders in contemporary organizations are those who operate with an increased mindfulness of interaction, sensibility in performance, and criticality in reflection. Delineating all three areas goes beyond the scope of this chapter; however, the chapter did attempt to delineate the first point of the tripartite—mindfulness in interaction—from both the macro and micro levels. When both levels are considered as one interdependent process, communication becomes much more than simply being clear and effective with information. Instead, it becomes a delicate and ongoing balancing of multiple interactive goals in situations of uncertainty and contention.

Both theory and practice need to place more emphasis on these subtle but critical moments. While Lincoln, Gandhi, Martin Luther King, Jr., Gates, Jobs, Buffett, Obama, and others were (are) great leaders, simply placing leadership in the individual takes attention away from where leadership actually occurs in the interaction. It also ignores the tremendously interdependent and interactive nature of organizations and their accomplishments. If we are serious about developing organizations that are more inclusive, democratic, and effective in uncertain worlds, then we must begin to focus on the micro-level leadership moments to better understand how these moments help construct the larger macro-level structures in which we act.

Notes

1. See also Pearce (1994), who speaks about “constitutive rules,” or those rules that help us interpret what is meant, and regulative rules, or those rules that help us determine how to act.
2. While people may also raise a hand at a “meeting” to speak, the actual gesture is often slightly different than when in a classroom. The raising of a hand at a “meeting” is often performed in a manner that signifies “I am about to speak,” whereas in a “classroom” it is performed in a manner of “may I speak?”
3. It is somewhat ironic that the GM made the decision to have a decision-making team. In other words, this very action supports who not only has the rights to make decisions, but who knows more about the decisions to be made.
4. Again, we need to realize that the very act of the managers directing staff to identify issues supports the traditional structure.
5. In actuality, their overall ability to speak about the issues in depth were hampered by a lack of information about the overall organizational operations. While managers were often exposed to the various organizational operations on a daily basis, staff was often limited to their specific areas on a daily basis. Staff, therefore, had to participate in discussions without first being afforded the opportunity to learn about that which they would be discussing.
6. Just the acts of crossing personal space boundaries, grabbing a personal item, and initiating discussion about personal items may implicitly support a structure of rights, privileges, roles, etc.

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CHAPTER 8

LEADERSHIP VERSATILITY

J. Preston Yarborough and Michael A. Beitler

ABSTRACT

A little-known, but potentially valuable, leadership-development concept for practitioners is the concept of leadership versatility. The purpose of this chapter is to explore the concept and potential practice applications for leadership versatility. In addition to discussing the research, the authors also discuss one potential instrument for assessing (measuring) leadership versatility.

Since the 1980s, spending on leadership development has increased from \$10 billion annually (Nohria & Berkley, 1994) to nearly \$60 billion (Beitler, 2010; *Training*, 2007). Significant time and financial resources have been committed to the creation of measurements for leadership development. But are we measuring the right things? Is it not possible that a well-developed skill could be over-used or misused?

Schön (1984) noted that professional excellence should not be defined solely by an individual's knowledge or skills, but rather by the practitioner's ability to apply knowledge and skills effectively. The authors agree that the existence of a well-developed skill does not assure its proper application in practice.

Introduction

Leadership requires the use of multiple skills, but most leaders depend on a narrow repertoire of strengths to get them through every situation. This is especially problematic when two seemingly opposing or opposite skills must be used. For example, a leadership role may require both a take-charge ability and a nurturing ability; it may also require strategic thinking and operational thinking. If the leader overuses one or the other of these “opposing” skills, it can result in less than optimal performance in practice. This “lopsidedness” is due to a lack of versatility.

The Concept of Versatility

Kaplan and Kaiser (2006) believe effective leadership is predicated on a leader’s ability to adjust and adapt according to situational needs. They point out that the root of the word “versatility” means “to turn around” or “to pivot.” A “versatile” leader pivots from one approach to another depending on the needs of a situation.

Sometimes leaders are forceful, imposing their will; alternatively, leaders can enable others to take action. Leaders may emphasize innovation and growth, or they may emphasize day-to-day operational efficiency. Conflicting leadership demands, and the tensions and tradeoffs therein, are elemental to the art of leadership (Kaplan & Kaiser, 2006).

More often than not, leaders are lopsided in their approach to leadership. Most leaders tend to be lopsided in their skills because of natural strengths, personal preferences, emotional needs, training, and work experience. Overdoing a strength is not hard to understand; we tend to stick with what works. If taking charge has worked, the leader has received praise and encouragement for using that skill. The leader will naturally devote time and energy to the use and development of that skill, ignoring the opposing strength (in this case, enabling followers). The process is typically unconscious.

We tend to give people assignments based on their demonstrated strengths. Being given the same types of assignments again and again does nothing to develop a leader’s underdeveloped skills. The long-term success of a leader (and of the organization) requires a repertoire of complementary, opposed strengths. Invariably, a leader must develop these under-prioritized skills as he or she moves up in the organization.

How a particular leader values one opposing strength over the other becomes clear in his or her choice of descriptors for the opposing skill. Demeaning the opposing skill may indicate a potential weakness.

Measuring Versatility

Kaplan and Kaiser's (2006) research indicates that versatility explained 50 percent of executive effectiveness. Versatile leaders exhibit a wide range of abilities, and they know how to apply these skills effectively. Leadership versatility can be seen as a meta-skill for measuring how well leaders apply their knowledge and skills.

Critics of the currently used competency models claim that no list of characteristics, regardless of how comprehensive, adequately represents the complexity of leadership in practice. Hollenbeck, McCall, and Silzer (2006) believe competency models oversimplify leadership and risk overlooking contextual factors such as the interaction of situational and interpersonal variables.

A simple, "yes, but" illustration brings their concerns into sharper focus. Imagine you and a colleague are charged with developing a competency model that reflects your organization's ideal leadership behaviors. The proposal must be limited to ten observable, behavioral competencies. You must consider the effects of deficiency (absence of a competency), as well as the effects of overuse. The ensuing conversation may sound something like this:

Directive Leadership Skills

"To be effective, leaders must have the ability to assert control and direct others."

"Yes, but what if leaders always commanded and directed, refusing to share leadership responsibility with others?"

Effective Operators

"To be effective, leaders must have the ability to instill and maintain efficient operational processes."

"Yes, but what if leaders' constant focus on efficiency stifles the ability to innovate?"

This exercise illustrates a central challenge of modeling competencies: Leadership is paradoxical. Depending on context, each competency has the potential for strength or weakness (Hollenbeck, McCall, & Silzer, 2006). Strengths can become weaknesses when they are overused to the point of ineffectiveness (Kaplan & Kaiser, 2006).

Unfortunately, most competency-based instruments are incapable of measuring overused strengths. Typical instruments can measure three aspects of a competency: frequency of use, the leader's effectiveness with the competency, and his or her

potential for derailment; each aspect is measured independently because different criteria are needed for each type of item (Kaiser & Kaplan, 2006).

To assess a competency such as “ability to lead others,” an instrument can measure a range of directive and inclusive behaviors. The following examples show a variety of response formats commonly used for competency measurement.

A frequency response format determines the degree to which a behavior is used. Higher values indicate greater frequency and lower values indicate deficiency.

“He/She provides direction and guidance.”

Never (1)	Rarely (2)	Occasionally (3)	Frequently (4)	Always (5)
0	0	0	0	X

Problem area: Frequency scales are confounded in the higher range. A rating of 5, “Always,” cannot convey whether the observer thinks the behavior is used appropriately or excessively.

An evaluation response format permits observers to judge how effectively a leader uses the behavior. High ratings indicate effective use.

“She/He provides guidance and direction.”

Poor (1)	Below Average (2)	Average (3)	Above Average (4)	Excellent (5)
0	X	0	0	0

Problem area: Evaluative scales are confounded in the lower range. A low rating, Poor or Below Average, does not indicate why the low rating was issued. Was the leader ineffective because the behavior was overused or underused?

A harmful, or derailment form of a behavior is measured through a derailment scale.

“She/He is dictatorial in his/her approach to management.”

Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
0	0	0	X	0

Problem area: Although many derailment behaviors are overused strengths (Lombardo & Eichinger, 2002), this relationship may be difficult to discern. Results may appear contradictory. If higher scores are considered better (as they often are), consider the combination of scales above. An uninformed observer might interpret the frequency result as favorable, because the high score is considered synonymous with strong competence. The evaluative scale sends a very

different message, although it does not specify the problematic behavior. In other words, a problem has been reported, but feedback does not clearly delineate what the problem is. The derailment scale clarifies the feedback message: This leader is a micromanager who is overusing guiding and directing behaviors.

To determine the overall insight, each item contributed important information. Would the problem be identified if the derailment scale or the evaluative scale were not included? What if all three results were not presented in such close proximity? A savvy feedback provider would need to connect these dots. Doing so could involve searching through approximately 150 items, embedded within twenty competencies, spread across thirty or more pages of feedback.

One of the strongest criticisms against competency models is they measure competencies independent of one another and of the situational context (Hollenbeck, McCall, & Silzer, 2006). This instrumentation cannot discern whether overusing some behaviors prompts under-use of others. Since using the right ability at the right time is critical for truly “competent” leadership, this limitation can be significant.

Kaplan and Kaiser (2006) developed the Leadership Versatility Index (LVI) to address these limitations. The LVI uses a response format called the “too little too much” (TLTM) scale.

It ranges from -4 to $+4$, and the most favorable rating is in the center, or 0 (the right amount). Behaviors that aren’t used frequently enough are scored in the negative range (too little); behaviors that are used too frequently are scored in the positive range (too much). The more values diverge from 0, the more severe the problem. In this manner, the TLTM scale measures overused strengths, thus addressing one of the blind spots in traditional competency measurement. This approach is also more efficient because it accomplishes its objective without requiring repeated measurement of nearly identical items.

The LVI also measures how well leaders negotiate the paradoxes of leadership. Rather than measuring leadership behaviors independent of one another, the LVI measures them interdependently.

Behaviors on the LVI are grouped into two dualities, each comprised of two dimensions. Both dualities are named for the dimensions contained within. The forceful/enabling duality measures the dynamic balance leaders negotiate between a forceful, directive approach and one that enables others to share in the leadership process. The strategic/operational duality addresses the kinds of issues leaders champion, or what they choose to lead. Observers’ responses from either side of a duality are integrated into a common measure called the versatility score. The score is calculated on a percentage basis. If leaders are perfectly balanced between both sides, then they receive a versatility score of 100 percent, but this result is not common.

Consequences of Lopsidedness

The consequences of lopsidedness are quite dramatic. Lopsidedness can lead to career plateaus, dysfunctional relationships, and derailment. To avoid these consequences, organizations and leaders should demand regular feedback about performance.

Self-ratings of leaders rarely resemble the ratings of their superiors, peers, and subordinates (Lombardo & McCauley, 1988; McCall & Lombardo, 1983). “It seems that everyone sees leadership imbalances and the link to ineffectiveness except for the person in question” (Kaplan & Kaiser, 2003, p. 25). Clearly, we cannot expect performance problems to be self-correcting.

Leaders, like everyone else, tend to overestimate their ability at more complex tasks (Stone, 1994). Feedback is critical for leadership development. Without appropriate feedback, these weaknesses will continue to hamper performance.

In their studies of derailed executives, Lombardo and Eichinger (2002) found that derailed executives who had gone through the same key assignments as successful executives had virtually no pattern of learning from the assignments. Their failure to take advantage of learning opportunities, and their unawareness of their weaknesses, eventually resulted in leadership situations for which they were unequipped to succeed.

Developing Versatile Leaders

Leadership assessment and development is a multi-step process. After assessing a leader’s weaknesses (lopsidedness) with an instrument such as the LVI, it is critical to create a development plan with the leader. This plan can emphasize the acquisition of new strengths to offset lopsidedness. If a leader is overly directive, then co-constructed stretch goals might focus on developing skills of inquiry and active listening.

Ideally, a change in behavior is preceded by a change in thinking. A lopsided leader’s distorted beliefs about leadership must be challenged. Sudden self-awareness coupled with the need to change behaviors that have worked previously can be quite disturbing. Coaches or mentors can serve a valuable role, and instrumented feedback can provide an excellent stimulus for constructive conversations.

Lopsided leaders are typically unaware of their lopsidedness. It can be obvious in their self-ratings. In a study of terminated, unchanged, and promoted executives, the terminated rated themselves significantly higher than others forty times; the unchanged were higher twenty-eight times, and the promoted only one (Lombardo & Eichinger, 2003).

Underdeveloped interpersonal skills are frequently less important at lower levels of the organization, but become increasingly important as the leader moves up in the organization. The skills that took the leader to middle management (operational and technical) are not sufficient for him or her to survive at the top. Leaders must learn of their weaknesses in interpersonal skills before they become fatal.

Shipper and Dillard (2000) reported that derailers are leaders who overestimate their abilities and fail to learn from developmental opportunities. They noted that lack of self-awareness is usually associated with ineffectiveness.

A leader must be able to focus on what the job requires rather than on behaviors he or she prefers. This means finding value in new behaviors while abandoning (or greatly reducing) current behaviors. A sensitivity to the needs of the followers must be developed. “The more out of balance the manager, the more polarized the mind-set and the stiffer the emotional challenge” (Kaplan & Kaiser, 2003, p. 25). Leadership development must be preceded by meaningful assessment.

Human resource practitioners should be familiar with the research and practice implications for leadership versatility. Developing leadership versatility can make leaders and their organizations much more effective. Ignoring a lack of leadership versatility can lead to derailment of an otherwise potentially successful leader.

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PART TWO

STRATEGY AND MEASUREMENT



CHAPTER 9

ALIGNING STAKEHOLDER GOALS IN A MEASUREMENT PROJECT

Boyce Byerly

ABSTRACT

Measuring to understand investments in human capital and optimize business processes analytically is crucial to enterprise success. This chapter explains how to find the stakeholders in measurement projects, communicate appropriately, and accomplish common goals.

What will differentiate businesses in the coming century? In the 1980s, 85 percent of a publically held company's value was based on tangible items: inventory, plants, and accounts receivable. Two decades later, the situation was reversed: 85 percent of the value of a company was intangible: intellectual property, business relationships, expertise, brand perception, and so forth (Echols, 2006). Accounting tends to be, as well it should, a conservative trade, and only slowly swings to reflect the underlying business trends and needs (Brown, 2004). How do organizations explain the missing middle ground between book value and market value? Developing and using the measurement tools and techniques is needed to understand and optimize that "missing" value, and that "found" value will determine the winners in the new economy.

Introduction

Numerous case studies testify to the efficacy of measurement and advanced analytics, in domains as diverse as major league baseball (Lewis, 2003) to casinos, to book sales (Davenport & Harris, 2007). CEO's are being asked to use innovative processes to report on human capital to their boards and investors (Lawler, 2008). The enterprises that thrive are those that can drink from the fire hose of incoming information, taking the data they need and turning it into information and ultimately strategy and wisdom. They are already doing sophisticated analyses for tangible assets. Now it is time to do it for human capital, the "missing" asset.

Most modern enterprises lack the ability to tie human capital to business information. "If you cannot measure it, you cannot improve it", said Lord Kelvin, and, later, "To measure is to know." There are more recent and more business-oriented citations describing the same concept, but it is difficult to state the case more concisely than Kelvin did.

This chapter addresses the concept of measurement in human capital. It gives an overview of basic measurement methods, drawing on learning and development tools that provide a framework. The main object of this chapter is to introduce the idea of stakeholders in the measurement process, describing how to identify them, motivate them, and bring them together. The chapter uses a tool called a "measurement map," which is a simple graphic tool that links strategy to measurement for those stakeholders (Beresford, 2009).

Measurement, as a concept, is difficult to argue with, as are seat belts, vaccinations, and flossing, so why don't people just do it? Many perceive measurement to be costly, difficult, and time-consuming. Clearly, these issues need to be addressed. Data management tools, analysis packages, automated survey tools, and the ability to represent data graphically have all improved dramatically, especially for the desktop user, since the days when training measurement was first divided into levels, with the assumption that higher levels of measurement exponentially increased the difficulty and cost (Kirkpatrick, 1977). The literature available, the improvements in theory and practice, and skill sets in the workforce are all vastly better than in earlier decades. Meanwhile, behavioral economics provides clear evidence that people often make economic decisions distorted by context, history, groupthink, and other factors that have little to do with rationality and maximizing benefits (Ariely, 2008), making measurement-based analytics all the more compelling. Learning more about the techniques and tools is important, but the leadership needed to organize and motivate the measurement effort is essential and will be the focus of this chapter.

The measurement process must bring disparate stakeholders together and get them to cooperate in setting the goals, acquiring the data, accepting the

results, and setting strategy, sometimes overcoming corporate politics and inertia. Measurement is often viewed with fear and takes some getting used to. Ignorance is comforting, a warm woolen blanket that can be pulled over the body corporate. Unfortunately, better-prepared competitors have a way of bringing the cold hard light of day, as do creditors, falling sales, and the like. This chapter will show you what a measurement project consists of, how to identify stakeholders, and a tool called “measurement mapping” for communicating and planning in a stakeholder meeting. It also explains why the stakes are high and what goals you should accomplish with the meeting.

What Is a Measurement Project?

A measurement project should recognize a business need, not satisfy a need to employ measurement tools. The value of information can be carefully estimated, based on things like the costs and likelihood of project failures, the size and certainty of new markets to be approached, savings achieved or foregone through improvements, and the like; Applied information economics is a well-defined tool for this job (Hubbard, 2007). Hubbard emphasizes, as much as tools, the *attitude* shown: if you believe something exists, you must be able to observe something about it and, therefore, you can measure it.

Measurement can be carried out on a variety of levels, using a variety of tools. One of the standard ways of talking about measurement in a training context is the five-level Kirkpatrick/Phillips scale, augmented with a level 0 and a level 6 by modern practitioners:

- 0 *Usage*: Is an investment even being applied? For example, in a learning management system (LMS) the first thing to look at is usage patterns: How many uses? How many completions?
1. *Satisfaction*: Are people happy with their experience? This is usually done through the so-called “smile sheets,” or, more likely these days, an online survey. Taken outside of the context of training, satisfaction applies to a wide variety of measures, such as customer experience or employee engagement. Asking opinions is one of the best ways to improve content in a course or address customer concerns. It is not a very good way to measure business impact.
2. *Learning* is specific to training interventions. Did the course content come across, and did people understand it? Learning is typically measured with post-learning tests (ideally, compared to pre-learning tests, so that knowledge gain can be assessed). Learning measures are a direct assessment of whether

the material imparted actually can be retrieved, but may have less to do with actual on-the-job performance than one hopes.

3. *Transfer* is the concept of whether new on-the-job behaviors occur, such as whether a method taught in the classroom is being used in the office or field.
4. *Impact* is the business change that happens, in measureable ways, from an investment. Examples include more sales, fewer errors, or higher customer retention.
5. *Return on investment* is a financial measurement of the impact from Level 4, as it relates to the costs required in an investment (Phillips, 1997).
6. *Optimization* is leveraging the key relationships between the metrics, investments, and human capital demographics in a way that allows investments to be made smarter and more efficiently. Optimization is a deeper level of measuring and analyzing impact, where the relationship between multiple investments, demographic descriptors of the participants, and multiple key performance indicators can be understood and improved. Individual groups of employees are considered separately to isolate impact and see who obtains the most and least from a program. Other aspects of optimization are seeing how two or more programs combine: Is there a diminishing return if multiple investments are given to the same employee?

Of course, measurement is about more than validating and optimizing human capital investments, although that is one of the most common applications (Nalbantian, Guzzo, Kieffer, & Doherty, 2004). Other areas include understanding customer preferences and demographics, reducing risks for projects, and reducing waste in manufacturing. Six sigma (Pyzdek, 2009) has a major focus on manufacturing.

Who Are Your Stakeholders?

When a business case can be made for the value of a measurement project and you have a sense of the level of rigor and difficulty justified, it is time to consider how the project should be aligned with the organization to meet the needs of relevant stakeholders and marshal the appropriate resources. Stakeholders are those interested in the improvement of business processes. Without knowing the structure of the organization, it is difficult to make an exact guest list, but several principles usually apply. First, if the measurement project is set up around a particular investment, stakeholders must be drawn from both the solution providers (for example, the training directors who are responsible for the investment) and those who benefit (for example, the operations managers who receive the training).

Many measurement projects will offer opportunities to express results financially. When you wish to use financial values to bolster a project, strongly consider where the information is coming from and involve a stakeholder knowledgeable in the area early on. Bringing such people on board early in a project enhances credibility and cooperation within an organization. Well-meaning projects have been derailed at late stages by management with little fondness for surprises. Disagreement about financial assumptions creates deep credibility perceptions for a measurement project well before the most important results are delivered.

When building a stakeholder meeting invitation list, it is important to ask high-level stakeholders about the source of their data. It is often the case that a trusted subordinate has been providing business intelligence to an executive for some time and should be included. These subordinates may have the words “analyst” or “database” somewhere in their titles and know what data are available in the organization, how to obtain it, and from whom. The person with his or her hands on the data is the most direct route to the data, rather than searching your way top-down through the organization. Remember that sharing credit with these people is important, and the right thing to do in any case; your value-add will be to add more complex and smarter analysis mechanisms, take the study to a wider audience, or correlate it with data not previously connected.

Integrating Financial Values

Studies based on financial terms have a wider audience appeal and a clearer value proposition than those that merely show the impact unit-by-unit. Some values, such as sales revenue, map straightforwardly to a dollar value, because they’re already in dollars. In other cases, you need to be persistent in your approach to finding values. Some intangible benefits are difficult to place a concrete value on, but experience shows that there are many cases in which an intangible benefit can be quantified and, in many cases, given a financial value conservative enough to satisfy all stakeholders.

Being persistent means doing that extra step to translate to dollars. Consider a 5-point customer satisfaction rating. How much does a customer who gave you a “5” spend in a year, compared to the “4” customers? Compute averages for each rating category, then look at the differences between them. You can now talk about the value of a program to increase customer satisfaction. A variety of techniques, from regression analysis to simply looking at the averages for each value, can be used.

Sometimes the translation into dollar terms requires some creative assumptions, rather than just number crunching. A mentoring program ran across an entire organization, including people in completely different jobs. We chose merit-based performance bonuses for a metric. Our argument was that if someone

had received an extra dollar in pay, he or she must have created at least a dollar's worth of value for the company (Bellevue Human Capital Lab, 2010). There has been rigorous, sophisticated work that uses an economist's tools to draw a compelling and direct connection between employee engagement and market performance for companies (Bassi & McMurrer, 2004).

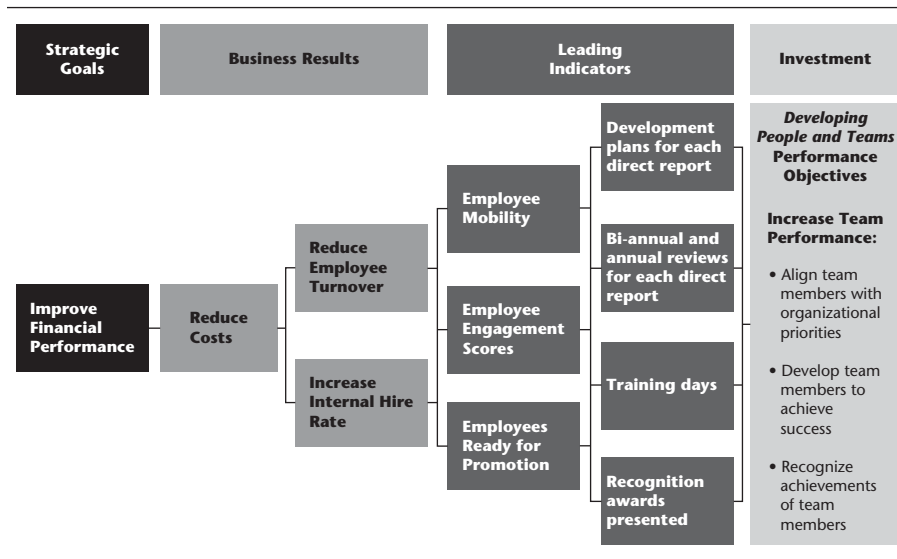
The Measurement Map

A graphic technique called “measurement mapping” helps to communicate with stakeholders. The measurement map is a compelling visual method to help people communicate about their goals in a common language.

This technique helps a company understand how interventions map to strategic goals, with stops along the way at various levels of measurement. The aim of a measurement map is to bring all the stakeholders in the room to articulate and understand what the strategic goals are and how they can be observed and quantified in day-to-day operations. The measurement map consists of several layers, which allows the business processes to be understood in different ways.

Figure 9.1 shows how the business processes can be broken down by the stakeholders. Starting from the left, the strategic goal is to “improve financial

FIGURE 9.1. AN EXAMPLE OF A MEASUREMENT MAP



performance.” What are some of the business results that could contribute to that? Two possibilities are to “reduce costs” and “increase internal hire rate.” Of course, many other possibilities exist, and this example only shows part of the full set of options. Drilling down further, the measurement map shows what leading indicators might be used to predict whether the desired outcomes are obtained. For example, improved mobility and employee engagement are measures that might be tested as “precursors” or “predictors” regarding employee turnover. How could, for example, employee engagement be affected? An individual development plan is one option. From there, it is one step to a workshop investment that will implement the performance objectives. In theory, the measurement map would move from the highest level strategic goals downward, but in practice, the process may be used in different ways, for example, looking at training programs and seeing what measurable results they might have and, ultimately, how they contribute to the results and goals desired by the organization.

Deciding What to Measure with Your Stakeholders

Stakeholder measurement projects are also a good place to agree on which measures work and which do not. There are a number of curious facts affecting measurements:

- First, the fact that people *know* they are being measured tends to make them behave differently. This was first noted during a study conducted by Elton Mayo in the Hawthorne plant of Western Electric in Cicero, Illinois, and has been referred to as “the Hawthorne effect” ever since (McCarney, Warner, Iliffe, Van Haselen, Griffin, & Fisher, 2007).
- When measurement is mixed with incentives, curious things can occur. If you incent for the wrong thing, the results can be disastrous. The Department of Defense once measured programmer productivity by the number of lines of code written. On some level, this may be useful, although software engineers have long known that, for any given problem, concise elegant code beats redundant, sloppy code any day of the week (although sloppy code has far more lines). One company rewarded programmers for the number of “bugs” fixed in the common code library. This led to programmers checking their code in to the common library early, so bugs they would have fixed previously on their desktop could be credited in their metrics (Jones, 2009). The measurement needs to be understandable in order to be effective as an incentive. In one project, call center employees were measured and compensated on metrics involving quality and speed. Unfortunately, the criteria changed frequently (based

on business needs of the end clients), the calls were measured along several dimensions, and the feedback on the behavior only occurred weeks later, when the pay period ended, and the paycheck did not adequately detail behavior on individual calls. This “incentive” program did not produce the desired results.

- Measurement can happen at many levels, and in many ways. Consider customer satisfaction: you can count retained customers, count the number of new referrals, send out a survey to customers, interview random samples of customers, count hits on the support section of the website, or count the costs on returned products. Metrics that have a concrete count and a dollar values are *actual* metrics, and those that predict or indicate the underlying phenomena, such as sales in a pipeline, are *indicators*.

While these points may seem, in their own way, rather technical, the important issue is that stakeholders need to sit down and talk about what behavior they need from their employees, what parts of a business process are observable, and how the parts can inform actual strategic decisions and behaviors. The popular *Hoshin Kanri* management method makes corporate strategic goals accessible at all levels within the organization. Measurement strategies are similar. If the measurement map is sufficiently detailed, it achieves the same philosophical goal, in a much more concrete way, describing the desired performance, measuring it, optimizing it, and producing incentives for it at all levels within the organization.

Why the Stakes Are High in a Stakeholder Meeting

One telling question to ask during a stakeholder meeting is: “What would you do if the results are not what you want to see?” This can take various forms, for example: “What if the training turns out to be worthless?” or “What if your customers hate the new product?” Reactions are telling at this point, and it is very possible that emotional attachments to programs are personal indeed. If the stakeholder does not have a ready answer and is not willing to consider negative results, it may be a difficult project from his or her perspective. It’s a shame that there’s so much stress involved—typically, measurement programs show the value of human capital investments in a clear way and highlight places where the organization can improve. Keeping a positive attitude throughout the process helps. Reassuring the participants that measurement benefits everyone in the company and is vital, not just for survival, but for excellence, is important. To some extent, you will be conducting an “appreciative inquiry” (Cooperrider, 1986) into the interests and contributions of the group, and bringing out those aspects will create buy-in and enthusiasm for any measurement project.

What Should You Strive to Accomplish in a Stakeholder Meeting?

Communicating about goals in a common language is the most important thing you should take away from this chapter. Stakeholder meetings are sometimes more important than the actual results in a measurement project. It would seem obvious that one should bring people together from disparate parts of the organization to occasionally to compare notes, but some stakeholder meetings produce miraculous results all by themselves from the conversations on business processes and the relationships and viewpoints revealed. Human resources and learning functional units hear their goals being stated in clear and unambiguous language that has nothing to do with day-to-day details of expending a training budget. The units of measurement are one of the best ways to talk about what concrete aspects of behavior are desired.

It is often revealing to find out how much of a “difference” in impact or behavior is expected. What performance improvements can be expected from various investments? Would a job aid reduce errors in a call center by 5 percent? Is a sales increase of one unit per month sufficient reason for a new sales program to exist?

A stakeholder meeting should leave everyone involved with a clear idea of what needs to be measured, an idea of the value of that information, and what could be done with it. It is better to frame areas through “hypotheses,” specific questions that can be answered in a concrete way, rather than simply talking about investigating areas and seeing what arises. It’s not enough to go shopping: one must know what one is shopping *for*. Writing hypotheses makes everything more concrete. What data must be collected? What questions have to be answered? What actions are foreseeable after analyzing the data and answering the questions? Rather than saying, “I want to find out about the sales training,” think about some focused questions:

- Does the sales training produce a positive impact on units sold?
- Does the sales training produce a positive impact on per-unit profitability?
- Is sales training more useful for agents in large stores or small stores?
- Is there a tradeoff between profitability and unit sales?
- Can salespeople relate positive anecdotes about using something they learned?
- Is there evidence that learning objectives were met?

A brainstorming session that goes to this level of detail is invariably a productive one, because it not only suggests what data is needed, but it suggests courses of action (such as “replace training with a program that works” or “prioritize training for large stores”).

When the brainstorming is finished, there should be a clear understanding of the following points:

- Who the participants in the study are: enterprise sales agents, customers, franchise operations, and so on. The participants need not be individuals, but they should be some entity that you can collect data from or about.
- The relevant metrics, or key performance indicators, that you need to collect.
- What demographic variables (for example, tenure, or education) are useful, in the sense that they:
 - Affect the values of the metrics
 - Are fair game for decision making
 - Mediate or affect the value of any interventions being studied
- The interventions or investments of interest, such as training or a new software system.
- A list of data within the organization relevant to the project and what still needs to be gathered.
- Hypotheses about the measurement project that make concrete predictions and can be verified or falsified.

A whiteboard or flip chart is invaluable for capturing progress and creating the measurement map of your goals. Keep in mind that all the information generated is useful in some way; even if there are important questions that cannot be answered. If a project can't be done and the information is valuable, you are in a good position to generate awareness in the organization about the problem and to suggest solutions. Experience has shown examples of organizations getting used to missing data, instead of formulating a plan to collect and share that data. Situations with important missing data represent opportunities for improvement.

Analytics and business intelligence are crucial to running a modern organization successfully. Programs such as training are expensive investments and need to be looked at carefully—if they're as worthwhile as everyone thinks, they have to be justified and supported, and if not, better options should be implemented. Understanding business processes better, customer needs more clearly, and how metrics relate to each other within the organization is crucial to building a 21st century business. The stakeholder meeting is the keystone to better decisions through measurement.

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CHAPTER 10

STRATEGIC BUSINESS PARTNER ROLE

Definition, Knowledge, Skills, and Operating Tensions

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ABSTRACT

This chapter discusses the role of the strategic business partner (SBP). A well-designed SBP role coupled with excellent delivery of operational HR functions can help in transforming the HR function. Human resources, as a discipline, has been going through a great deal of change in the past two decades. Phrases such as “business partner” and “getting a seat at the table” are common. In spite of all of the change that has been going on, organizations still seem to struggle to get it right. However, due to the turbulent nature of the business world today and the resulting demands on human capital, the SBP role can be a highly valuable solution in organizations. The development of the SBP role comes from a combination of having skills and knowledge in the areas of human resources, organization development, business acumen, and being in partnership. However, once the competency profile is developed, it is also important to understand there are common tensions as an organization transitions from their current HR state to the use of an SBP model.

Introduction

“Historically, many within the HR profession have lamented the lack of respect and acknowledgment for the services they provide. Now opportunity is banging at the door of every HR function to reverse that situation. The need to be more strategic and business-linked is evident.”

ROBINSON AND ROBINSON, 2005

In the quote above, Dana and Jim Robinson captured both past history and the contemporary situation. Whether human resources has been able to add value and provide strategic services before, the demand is paramount today. The types and intensity of global changes affecting organizations increasingly have human capital implications in both strategy and operations. While some HR functions will continue to require similar, tactical execution, the need for higher level strategic HR perspectives is growing. It is in this arena that the strategic business partner role becomes essential and can add significant value.

HR has been going through a great deal of change in the last two decades: rising in strategic importance and profile; continuous restructuring, relabeling, and redefining; outsourcing parts, functions, tasks, or in some cases all of HR; focusing more on competencies and certifications, training and education; and serious work on redefining what HR needs to be (Boudreau & Ramstad, 2007; Robinson & Robinson, 2005; Ulrich, 1997; Ulrich, Allen, Brockbank, Younger, & Nyman, 2009; Ulrich & Brockbank, 2005; Ulrich, Brockbank, Johnson, Sandholz, & Younger, 2008). Much of this work has led to the idea of becoming a “business partner.” However, after many years of “rhetoric about becoming ‘business partners’ with a ‘seat at the table’ where the business decisions that matter are made, most human resources professionals aren’t nearly there. They have no seat, and the table is locked inside a conference room to which they have no key” (Hammonds, 2005). For that reason, we stress the need for the strategic business partner (SBP) role, the role we will clarify and develop in this chapter.

In the following sections, we will discuss how HR has been changing over the past decade and the urgency behind making sure that organizations put an emphasis on building an HR function that delivers value both operationally and strategically. We advocate for the use of the SBP role as part of this solution. We follow up by identifying the mindset, knowledge, and skill requirements needed for the role and by making the case that the needed knowledge and skills come from the HR discipline (especially strategic HR), key OD foundational concepts, understanding business acumen and specific business context, models and drivers, and, finally, understanding what it means to be a “partner” and operate in partnership. We conclude by discussing common tensions that occur when

companies attempt to transition from traditional versions of HR to new models that include an SBP role. Although it is not a certainty that all of the tensions discussed will occur, it is still important to recognize that they may and to have a plan for overcoming them. Throughout the chapter, examples from practice will be used to help illustrate critical points.

HR Changes and Challenges Today

Over the last fifteen years, organizations have generally adopted the concept of business partner, at least partly, and experimented with variations of business partner roles with simultaneous strategies and structures for handling all the rest of HR functions. The goal has been to manage the tactical areas of HR efficiently and effectively and to simultaneously grow and develop the strategic areas of HR. Tactical areas of HR include the more compliance or administrative such as risk management (legal defense, compliance, legal and regulatory requirements, and cost containment), employee relations (policy issues, supervision, etc.), and some day-to-day operational tasks of managing employment (benefits and payroll). The thinking behind this is that, when these areas are managed effectively, there is then time and resources for the business partner role to deal with the human capital issues that impact the business strategically.

Organizations have tried to manage these other day-to-day tactical areas of HR by reassigning existing personnel, redefining existing roles or creating new ones, increasing automation, outsourcing work, transferring tasks to supervising managers, and improving and streamlining processes. They often try separating the tactical and strategic types of HR work into different roles or units. Once separated, they then try to increase training, with the goal of building skills for the generalists, business partners, and other senior HR advisors engaging more in strategy and change. Much of this reconfiguration, although a step in the right direction, has not yet produced the desired results. Some of the difficulties have involved how roles and units are designed, the customer-friendliness of processes, and training adequacy for both HR and internal users. It is also important to note that, conceptually, the generic business partner or HR generalist roles may not be designed as comprehensively as we are developing the SBP role.

There is no doubt that decisions have to be made about executing the day-to-day tactical HR work. These activities do not go away, and they need to be handled effectively or they will fall back in to the strategic business partner's arena. When this occurs, the immediate needs of the daily transactional work nearly always smother the strategic, longer-term needs. If, for example, a sexual harassment investigation needs to occur and if the HR department is not

structured appropriately to handle the investigation, then the SBP will have to conduct the investigation. A sexual harassment investigation is something that can't be postponed. When things like this begin to pile up, there is no time for the strategic work. In several situations we know of, a person moved into a senior HR role with the greatest intentions of being a strategic business partner. In many of these instances, these people soon became frustrated by, and at times overwhelmed with, the number of employee relations, payroll, and compliance issues that quickly consumed their time. Often in this situation, even the most strategic person began to lose the time to deal with the more strategic aspects of the business.

While all of the more traditional work of HR is important to the organization, our interest here is primarily in the strategic work of HR and the other human systems needs that should be incorporated into strategic business partner role.

The Strategic Business Partner Role

To be explicit about the SBP concept, we believe the role must be developed around providing human capital and organization change perspectives embedded into business leadership teams. In order to be effective, the person will need business credibility, the ability to work in partnership with the other leaders, and deep HR and OD functional knowledge. The SBP model is a way to ensure the human system implications and needed change strategies are part of business leadership decisions. It involves both what was always intended as strategic work in HR and new work in strategic thinking, organization design, culture change, human system alignment, and change management. The specific context, characteristics, and demands of any industry or organization sector will ultimately drive this role.

In order to put more context around the strategic business partner role, as Hanna (1988) says, we need to start by working from the outside-in. We live in a hyper-turbulent world. Today we must adapt to numerous unprecedented challenges that change the very nature of what business we are in and how that business is conducted. The reality often includes doing business 24/7, globally across numerous cultural boundaries, with new technologies being invented daily and shifting technology generations yearly; responding to new forms of competition locally and globally; learning to manage an ever-shifting set of demographics; and keeping pace with the speed of change in everything. All of these realities have significant human capital implications, raising the value of strategic HR thinking (Jamieson, 2007). For example, organizations (and their SBPs) increasingly need to plan for the use of social media in communications, technology in working

virtually, cultural competence in conducting business, and change management for aligning people and systems during continuous change.

It is within this context that we have to think about the role of the strategic business partner. We need to take this outside-in approach with a focus on the current and future challenges of the organization. The SBP must be able to join with other business leaders to engage with the strategic implications of the rapid, specific changes driving his or her sector, industry, and organization. What role does the SBP have in helping the organization deal with these challenges? and What skills does the SBP need to have in managing the challenges?

In looking for the solution as it relates to leading and managing an organization in this rapidly changing world, there isn't one answer. However, it is increasingly clear that the design, development, and maintenance of the human system are as critical to future success as they are in financial, technical, and operational systems. Organizations of all types need talented, engaged people, in well-led, well-managed, and well-designed organizations, working together and performing with an eye on today and on tomorrow.

Who is going to step up to meet these challenges? The human systems issues in change, growth, strategy execution, and high performance are paramount and require specialized perspectives and skill sets. The combined knowledge and skills that come from strategic HR and OD, when coupled with business acumen and an ability to effectively build partnerships, can get you there. Yet, many in senior leadership are not yet convinced. Even though they see people issues as vital, the executives don't see HR and HR leaders as driving the people agenda in business today. When you ask them how HR is doing, barely 4 percent describe their company's HR as world class. Forty-six percent say HR's capabilities are "OK but need to improve," and about one-third say that HR "needs significant improvement" (Deloitte and *The Economist* Intelligence Unit, 2007). The advent and development of the SBP role has potential to fill this void.

SBPs can be developed and positioned to support a business with the perspective and skills that help with organization effectiveness. Human system problems plague senior leaders daily, including issues like:

- Dealing with the employee or leader who isn't the right person for a job or doesn't have the right capabilities
- Identifying where tomorrow's leaders will come from
- Helping a team when it isn't performing at a high level
- Getting sales to work effectively with R&D or manufacturing
- Leading and gaining consensus from strategic planning sessions
- Designing and building an organization capable of executing the strategic direction

- Solving problems that lie at the interface of technology, people, and performance
- Increasing innovation or speed across the organization's processes

It is worth highlighting that we believe the SBP role requires knowledge and skills from both strategic HR and OD disciplines. This is not new, but has rarely been accepted historically. Our view of the next wave of organizational effectiveness work will require the integration of HR and OD into execution of changes. And that will require shifting some mindsets and maybe changing some development avenues. There are numerous points of view on the role that HR plays in an organization and the role OD plays in an organization. In addition, there are numerous points of view on how to deploy these disciplines (if they are deployed at all). We have seen many variations of how these two disciplines are structured, deployed, integrated into roles, or left to operate separately. While these various organization structures and approaches have had various levels of success, the restructuring of HR and OD departments and redesigning of the roles continues as organizations search for a more successful solution.

From our perspective, we believe that the SBP role in an organization needs to become a new way of thinking about the use and delivery of strategic HR and OD knowledge and skills. In other words, the discussion is not about where HR and OD should report as functions within an organization. The discussion is about how the strategic aspects of HR and OD can be combined to develop a function and roles that meet the real business needs.

With this in mind, if an organization plans to make a transition from its current HR organization mindset and structure to one that includes an SBP role, there are many issues that can hinder the success of this transition:

- Making the decision that human capital issues are now critically important and have to be addressed in conjunction with other strategic, business considerations
- Moving from HR as an authoritative role, an order-taking role, or an internal customer service role to a partnership role with the SBPs working in equal executive partnerships with other leaders
- Moving from being past-oriented (often cited as “this is how we do it around here”) to becoming future-oriented and innovative to deal with unprecedented global challenges and rapid technology, market, and economic shifts
- Finding and/or developing people for these SBP roles who can understand the “business” of the organization and what other functional, unit, and corporate leaders need, from a human capital perspective, to execute strategy

- Needing new knowledge and skills (in change, consultation, organization design, innovation, creativity, and problem solving) that are antithetical to historical HR work
- Thinking about the organization's business and strategy in terms of talent implications, core customers, and key competitors, not benchmarks, uniformity, consistency, or one-size-fits-all
- Balancing the plethora of federal and state regulatory and compliance needs with differentiating organization resources for competitive advantage
- Re-creating a new reputation and credibility for delivering value and helping other organization leaders to relate to SBPs in a new way

Essential Mindset Shifts

Creating SBP roles is not just renaming some jobs or training people in new skills. For many in HR, it involves significant shifts in mindsets used to guide and shape the role, work, and behavior. For example:

- *From past-focused to future-focused.* Many of the answers cannot be found in the past since the issues never existed before. For example, if an organization clings to a rule, such as an employee needs to be in a role for two years before he or she can be promoted, and if the employee is a top talent who feels ready for the next role, the company may very well lose the employee who has more access to job opportunities than ever before at his or her fingertips via the Internet.
- *From discipline-focused to having an organization perspective.* SBPs need to learn to start with the organization's strategic needs and use more innovation, creativity, and problem solving to find unique solutions. Thinking from only an HR or OD discipline perspective leads more into best practices, what others have done, and the consistency of what has been done in the past.
- *From authoritative to consultative.* The SBP of the future will work in partnership and as equals with other business leaders and will use more consultative practices and influence methods to credibly help all understand the human perspective in relation to business issues being discussed. The role will not be looked at for policing, but more for how to solve competitive and strategic issues within essential legal and risk guidelines.
- *From service provider serving internal customers to partner with other leaders.* A big shift must take place to understand how to act in equal ways and in partnership with others, rather than either telling people what they can and cannot do or taking orders from higher-level leaders. Many in HR's past learned to emphasize

more of the passive side of their role or the policeman side of their role. And in different cultures HR had more or less authority.

- *From being an HR/OD person in a business to being a business person with HR/OD perspectives.* Many HR people focus on the discipline itself and create programs, policies, and processes that are time-consuming and do not deliver value. They are often influenced more by the knowledge of the discipline. These people are HR people who happen to be in a business. The need is to have people who understand the business issues and who then have the ability to create high-impact solutions. These people will be driven more by strategic needs and the requirements of their leader partners and will use their different human systems perspectives to create solutions that can work. These people are business people with an HR/OD perspective.
- *From focus on and measurement of activities to results-based accountability.* Results are measured in terms the business values, while HR has a long history of counting things done, people participating, numbers processed, and so on. Value added is the new currency. HR analytics becomes the new measurement system that turns or relates important HR outcomes into business metrics used throughout the organization.

Core Knowledge and Skills

In creating and designing SBP roles, there are four competency areas to draw from to build the knowledge and skills necessary for success. These are understanding the business of the organization, strategic HR, foundational OD, and partnership, as shown in Figure 10.1.

Understanding the Business

The first competency area to navigate and master is gaining a deep understanding and fluency in the particular “business” or unit you are working in. Put simply, HR professionals need to be knowledgeable in the business of their organization, whether it’s a corporation, non-profit, school, or hospital. This includes what it does, its products or services, customers, markets, competitors, how it works, its business model, performance and financial drivers, human resources, the mission, direction, strategy, history, culture, environment, and global influences. As Bardwick says (1998, p. 35), it is the need to understand the “business of the business.” The strategic business partner has to become a “business” person who brings the special value of an HR/OD mindset. They cannot be HR/OD people who just happen to operate in a business. More simply put, the SBP has to know

FIGURE 10.1. THE FOUR PILLARS FOR THE SBP ROLE

how the business makes and spends money so he or she can understand how to support contributing to the bottom line and organizational sustainability.

Strategic Human Resources

The second critical area of knowledge and skills is in understanding the strategic aspects of HR work. There are strategic and operational aspects to most HR functions, and the SBP must have clarity and competence in what they are, how to separate them, and how they impact the workplace, workforce, and strategy (Jamieson, 2007). For example, understanding how to design and implement a total rewards compensation approach in order to support and even drive the behaviors that will meet the needs of the customers is a strategic example whereby as administering the employee benefits is operational. The talent needs created by a new strategy is highly strategic, while updating employee records is operational.

Talent management is clearly one of the strategic HR elements and part of the skill set required. We summarize talent management by saying it is the

practice of putting the right people in the right job, performing at the right level, with the right skills at the right time, with a focus on retaining and engaging the talent. This deals with some of the historical classic elements of HR, such as recruitment and selection, performance management, employee development, succession management, and total rewards.

A primary aspect of talent management is that it looks at the sub-elements from an integrated and interrelated perspective. For example, some organizations identify the desired behaviors for employees believed to lead to the success of the organization. These behaviors are often translated into competencies. The organization then hires, develops, and rewards people based on a level of achievement as it relates to these competencies. If we were to build a luxury hotel, we would have a general contractor working with all the different trade groups. The same can be said for good talent management. In order to strategically work with the different aspects of talent management, an SBP works as the general contractor making sure all the elements fit together for the particular business unit.

Other strategic HR arenas to consider include how to use technology to reduce cost and streamline processes, diversity and inclusion on a domestic and global level and its impact on the business, measurement and ROI of HR policies and practices, and managing for employee engagement. The SBP needs to separate these strategic elements from the tactical elements and focus on developing these skills.

The third area of skills and knowledge that an SBP needs comes from the world of organization development.

Foundational Organization Development

From the OD world, the capabilities needed are the ones that help create an environment that allows employees to operate at their fullest potential. It includes looking at organizations as systems and looking at organizations from the individual, team, and organizational perspectives. From a specific knowledge and skills perspective, it requires a deep understanding of whole systems change, organization design, strategy development, leadership development, team development, organization diagnostics and assessment, coaching, facilitation, organization culture, and the use of applied behavioral sciences to improve the effectiveness of human system dynamics.

For example, if an organization has a strategic goal to improve customer satisfaction, an understanding of organization design can significantly and favorably impact that goal. If the existing organization structure is more of a classical functional structure, a decision might be made to transition to a market-based structure. Organization structure drives behavior, and a functional organization

structure brings functional expertise, but often less integrated delivery. A market-based structure, which combines employees from the different functions, may provide more of a focus on knowing markets and customers.

So far we have discussed the business knowledge, HR knowledge, and OD knowledge required to become an SBP. The fourth area has to do with a deep understanding of what it means to actually be a “partner.”

Partnership

Understanding what it means to become a partner and to actually have the ability to be a partner is equally important. For example, a partner has to know the people he or she hopes to partner with and build relationships with. This involves understanding interpersonal relations and individual personality characteristics and styles and having empathy. This goes beyond having discussions only at the task level. Good partnership requires a relationship at a personal level. This begins to provide the basis for the necessary levels of openness and trust for the relationship to develop into a strong partnership. Partnership also requires the ability to discuss differences and manage conflicts while maintaining the ongoing relationship.

Another important aspect of partnering can be learned from the sales process. Good salespeople know how to listen, develop relationships with customers, and identify areas where they can add significant value. Several aspects of this approach can be utilized by SBPs as well if they want to move from an “internal customer” mindset to the strategic business partner mindset.

Once this is achieved, the relationship will be at the level where you can talk openly and freely, influence each other, collaborate, and act authentically in jointly developing goals and executing against strategies. Once you understand the business, know your partner and the consultative process, you have a solid basis for open and honest discussions. These discussions are necessary so the goals, projects, and initiatives necessary to add real value to the business can be jointly developed and the value you bring can be utilized.

In Table 10.1 below the four competency areas are further developed with key knowledge and skills.

Common Tensions and Issues

In the transition to creating these SBP roles and in the execution of these roles, some natural tensions arise, creating common issues to manage in order to arrive at the desired end state. These tensions are more prevalent when people are

TABLE 10.1. SBP CORE COMPETENCIES AND KEY KNOWLEDGE AND SKILLS

Foundational OD	Strategic HR	Understanding the Business	Partnership
Whole systems change	Talent management: <ul style="list-style-type: none"> • Selection/recruiting 	Company—products, R&D, history, “business of business”	Relationship building (honest, integrity, trust, authentic, transparent)
Organization design	<ul style="list-style-type: none"> • Performance management 	Future direction and strategy	Discovery and articulating value
Strategy development	<ul style="list-style-type: none"> • Succession management and workforce planning 	Environmental trends: society, competitors, customers	Influence and influencing
Leadership development	<ul style="list-style-type: none"> • Employee development 	Value chain	Ability to articulate a point of view; prepared, studied, and sometimes courageous
Group dynamics and team development	<ul style="list-style-type: none"> • Total rewards 	Project management	Open, two-way communication (speaker and listener)
Consultative process	Technology—cost reduction, improving process, communication, learning	Supply chain and outsourced partners	Seeker and giver of helpful feedback
Organization assessment	Diversity and inclusion domestic and global	Social and community responsibility	Engage with each other and the work
Coaching	Employee engagement	Globalization impact	Coach each other on effectiveness
Dynamics of culture	Metrics and analytics	Financial—understand profit and growth	Collaborate
Conflict management		Performance metrics	

being asked to assume the new role while deeply steeped in past roles, culture, and mindsets.

Breaking Free from Past History and Reputation

Here there is a tension between breaking free from past reputation and practices and building new credibility and trust. First, there is the question of how the traditional HR organization has operated. Traditionally, HR has struggled to quantify its contribution to the success of an organization. Often, HR is under scrutiny to cut costs, be more effective, and show proof about how it contributes to the top line and bottom line of an organization. HR is sometimes cited as being the enforcer because they hold the organization accountable for adhering to HR policy and labor laws. The combination of data and details often leads HR to slow delivery of solutions. Evaluation and metrics are key issues for HR. Despite numerous decades of attempted measurement and espoused value, some believe little progress in measuring human capital, engagement, and human performance has been made, and the connection in relating HR to any business outcomes has been weak.

The tensions are natural and drive certain issues. A closer examination of the transition to SBP often reveals that full organizational support is lacking. Exploring the tensions around fixed ways of seeing, thinking, and doing things is a way to begin to understand the mindsets that exist, the dynamics around relationships, and the behaviors preventing others from recognizing the role shift. Here's an example of an individual making a change from an HR generalist to SBP and dealing with past reputation.

Mary is an HR generalist moving into a newly identified role—strategic business partner. This particular HR organization has a reputation of “taking forever” to get something done. In fact, the executive leadership dismissed HR as a value-added member of the leadership, seeing value only in that paychecks are issued on time.

Initially, there was a lot of discussion about letting go of the historical thinking and past approaches and understanding why the past ways no longer served the needs of the organization. Getting past the logic of the business case and delving into conversations was difficult. These types of discussions were not typical meeting agenda items, and it was difficult for Mary to identify the mindsets, barriers, and constraints that were holding her back. Through challenging conversations about her beliefs and beliefs others held, Mary was able to name the current practices and begin to shape her thinking and mindset as well as others' thinking about the SBP role.

As Mary gained confidence and more visibility in her strategic business partner role, others begin to build confidence in the value she was contributing to the organization. Understanding how to link key business drivers to recruiting and performance management processes was hugely valuable and began to elevate Mary from a process administrator to a strategic partner. She realized that engaging in the strategic conversations, embracing the skills and knowledge of partnering, and contributing to the development of strategy were essential to building credibility and trust among the leadership.

Where Do I Reside?

For some, the transition raises identity issues around where one belongs and where one is accepted. Becoming a partner with other business leaders can involve learning to get along with different types of people (IT, manufacturing, marketing, and others) and sometimes working with people who in the past did not have the highest view of you or the HR function. Most professionals have an affinity group, and in some ways the SBP moves away from the old HR group into a new space in which he or she must bridge with HR resources in service of business needs. What you're able to bring to the business unit is a set of skills that most of the other leaders don't possess. Group inclusion is a powerful driver in shaping individual behavior and it needs to be clear where one's affiliations and loyalties lie. Becoming part of a social system is usually important to people.

Staying Strategic

Navigating the transition to being a strategic business partner is somewhat like a Catch 22. The expectations of internal customers (new business as well as HR staff members) about what the SBP can and should contribute to the organization may vary considerably, as they often expect HR to only deliver administrative services in conventional ways. If requests and delivery of other HR services are not adequately handled by others or are never funneled away from the SBP, the task load can stymie any strategic work.

If expectations don't change, then the SBP is pressured to focus on delivering the core processes without attempting to develop a strategic contribution. And while some internal customers will appreciate the focus on delivering transactional work, the flip side is that other customers will criticize the SBP for not fulfilling the promise to add value at the strategic level.

How the operational HR tasks are organized and delivered will also play into how well the SBP can stay on strategic issues. If tasks keep falling into the SBP's lap because they are not being handled well elsewhere or because organization

managers and employees cannot let go of traditional ways of working, then it will be difficult to spend more time in strategic areas.

Walking the Talk

One way to begin changing the way you work with other individuals in the organization is to identify your skills gaps and accelerate what you need to learn. It helps to be open about what you bring and what you need to develop. It's common to struggle gaining the skills of an SBP. One of the tensions that come into play is managing the expectations of employees in the organization who believe the SBP comes to the role fully skilled and experienced. In many cases, the organization has announced the role shift to SBP before individuals making the shift are ready. For current HR employees moving into a new role, there can also be a comfort zone issue, as one leaves what he or she has come to know well and is now being asked to perform at a different level or use different behaviors. So sometimes you can't do it quickly enough, and other times those you work with do not really let you behave differently. Many social system dynamics are at work during these transitions.

Living the Partnership

Establishing a partnership relationship takes a lot of work and skill. First, all parties have to help in creating new expectations and defining the value-added role. Second, all parties have to let go of old roles and behaviors, such as taking orders, being a policeman, or serving in an authoritative way. Third, one has to build new credibility, trust, and openness (if he or she has not had that previously). Fourth, in partnerships, each person has value and contributes to the business plans and outcomes. Finally, partners create different behaviors for working together.

It also helps to establish equality so both parties can bring their best forward and do not feel restraint during interactions. Partnership requires give and take and the ability to have differences, yet maintain ongoing relationships.

Summary and Conclusion

Significant change has emerged in the organization world. The HR and OD disciplines are being greatly affected. This is good news! A great opportunity is knocking in which the value of these functions can contribute to organizational effectiveness and success in new, unprecedented ways.

HR has a long history of being more compliance- and operation-oriented, without a track record in integrating strategic human capital thinking into business decisions. This has created a lot of role expectations and makes it difficult to operate in a new, more strategic and critical role. It also creates some transition difficulties for individuals asked to serve in new roles with different behaviors.

However, today's new demands hit squarely in the human systems arena, involving changing behavior, helping organizations to continually change, changing organization designs regularly, creating new cultures to attract and retain a changing workforce, and working cross-culturally and virtually. The applied behavioral sciences and human resource disciplines are extremely relevant for today's business needs.

All of the operational HR functions must be done well and organized for user convenience and effectiveness. Then the new role of strategic business partner must be more fully developed to provide a senior-level perspective, to integrate human capital thinking into business decisions, and to assist in strategic matters that involve people resources.

It has been hard to find examples of this being done well. But with the extensive HR transformation work underway and the many different models, structures, and role designs being implemented, our learning curve should accelerate. We encourage research and practice to stay connected in aiding HR during this opportunity.

The value proposition of HR has to change. This may also change what is considered within HR or outside. In recent years, functions like organizational communications, design, culture, diversity, employee development, and change management have either been inside the HR umbrella or adamantly separated. As organizations cope with new global environments and business paradigms, interdependencies are showing up everywhere and functions are being merged. New solutions often involve integration across disciplines and organizational units.

We feel sure that the significant environmental shifts coupled with the revolution in HR thinking is creating the perfect storm for integrating, joining, or drawing from two disciplines critical to organizational effectiveness focused on the human system: strategic HR to manage the human capital, quality of work life, and talent competency and OD to manage the design, change, and effectiveness of the new workplace. These are the core competencies, coupled with business acumen, that make a strategic business partner.

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CHAPTER 11

HUMAN RESOURCE METRICS

A Contemporary Approach to Managing Human Capital

Tracy H. Porter and Sharon E. Norris

ABSTRACT

HR executives have to develop a strategic-focused approach to managing human capital using HR metrics in order to improve organizational productivity and enhance organizational competitiveness. Cascio and Boudreau's (2010) LAMP framework is a human capital measurement (HCM) model with four components, including logic, measures, analytics, and processes, which can help HR professionals connect strategic corporate objectives with action programs. Managing human capital using HR metrics links strategy and corporate objectives with measures, analytics, and action programs so that human capital is appropriately leveraged for future organizational success.

Introduction

In many HR departments, executives do not understand or appropriately measure the contribution that human capital makes to the firm's strategy (Huselid, Becker, & Beatty, 2005). Silzer and Dowell (2010) explained that some corporate

executives have made ineffective business decisions based on weak or generic HR measures. Schneider (2006) argued that measures such as head count, cost of compensation and benefits, and turnover ratios do little to align human capital management with corporate objectives because these measures lack strategic focus (Hayton, 2003). Business decisions based on HR metrics that are disconnected from corporate objectives diminish the leverage capacity of human capital on performance improvement (Pilenzo, 2009).

Baron and Armstrong (2007) defined managing human capital as “the use of metrics to guide an approach to managing people that regards them as assets and emphasizes that competitive advantage is achieved by strategic investment in those assets” (p. 20). HR metrics have been described as “specific measures tied to HR performance indicators” (Mathias & Jackson, 2008, p. 58). Hall (2008) indicated that performance improvement is the goal of human capital management.

Human capital management and HR metrics need to be linked with strategy so that HR action programs guide performance improvement and build competitive advantage. Building competitive advantage and creating productive organizations requires more than counting the cost of HR (Wintermantel & Mattimore, 1998). Baron and Armstrong (2007) stated, “The future of HCM depends on the extent to which it can provide the basis for achieving added value through people” (p. 163). Lawler, Boudreau, and Mohrman (2006) reported that strategic HR involves “extending HR’s focus beyond delivery of HR services and practices to a focus on the quality of decisions about talent, organization, and human capital” (p. 4). Managing human capital using strategic-focused HR metrics represents an appropriate method for leveraging human capital to meet corporate objectives, improve productivity, and enhance organizational effectiveness.

Managing Human Capital Using Strategic-Focused HR Metrics

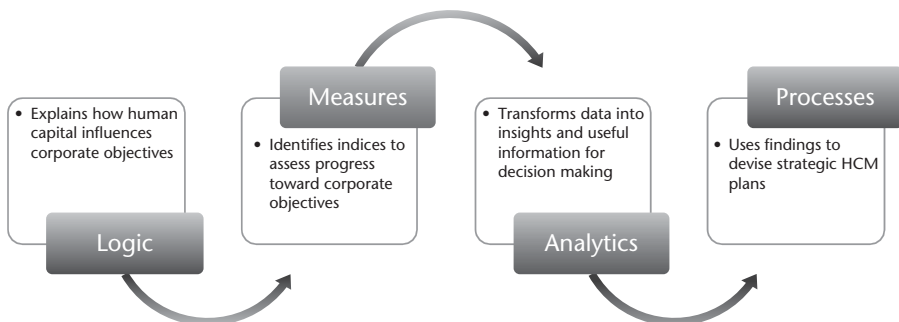
One contemporary human capital management model that has been presented in the literature is Cascio and Boudreau’s (2010) LAMP framework. The LAMP framework is a HCM measurement model with four components: (1) logic, (2) measures, (3) analytics, and (4) processes. Cascio and Boudreau’s framework for HCM and HR metrics shares similarities with Kaplan and Norton’s (2004) balanced scorecard approach. The balanced scorecard has been popularized as a contemporary strategic business framework that managers use to convert strategic objectives into measures that are analyzed and evaluated for continual improvement.

Lawler and Bourdeau (2009) reported, “It is notable that all four elements of the LAMP framework are positively related to HR’s role in strategy” (p. 77). Lawler and Bourdeau defined logic as the use of logical principles that connect talent with organizational success. Measures represent indices that are useful for evaluating corporate objectives and strategic goals. Analytics refer to the use of advanced data analysis and statistics for the purpose of transforming data into insights. Lawler and Bourdeau noted processes represented “communication and knowledge transfer mechanisms through which the information becomes accepted and acted upon by key organizational decision makers” (p. 75). Figure 11.1 visually displays the four components of Cascio and Boudreau’s (2010) LAMP framework.

Logic

The logic dimension of a HRM plan helps executives better understand how human capital contributes to productivity and competitive advantage. The type of logical HCM framework necessary for 21st century organizations is one that integrates both micro and macro perspectives. Ployhart and Moliterno (2011) recommended that managers gain theoretical understanding of how individual improvements in human capital generalize to unit level outcomes. According to Barney and Wright (1998) and Coff (1997), HRM and HR metrics make a tremendous contribution to the sustainable competitive advantage that corporate executives hope to gain within their respective markets. Jackson, Schuler, and Werner (2008) explained that HCM and HR metrics provide a strategic map that connects strategic business priorities with business unit effectiveness. The logical rationale explains the cause-and-effect connections between human capital and

FIGURE 11.1. FOUR COMPONENTS OF CASCIO AND BOUDREAU’S (2010) LAMP FRAMEWORK



firm performance. In the balanced scorecard approach (Kaplan & Norton, 2002), logic is built into the HCM strategy from a learning and growth perspective and connects growth in human capital with strategic objectives.

Measures

For each strategic corporate objective, corresponding measures are necessary for assessing corporate performance outcomes. Various researchers have contended that work practices such as performance-contingent pay, team-based work structures, and selective recruitment and hiring have been associated with higher organizational financial performance (Arthur, 1992; Ichniowski, Shaw, & Prennushi, 1997; MacDuffie, 1995; Welbourne & Andrews, 1996). When practices are integrated into an organization with associated HR metrics, the measures can be used to determine the extent to which practices help organizations achieve objectives.

Measures need to be selected based on corporate objectives; that means each organization's measures will be uniquely connected to its HCM plans. Developing the HCM plan with HR metrics requires continual learning in order to understand the associations, relationships, connections, and linkages between the firm's strategy and its human capital. Similarly, Kaplan and Norton's (2001, 2002, 2008) balanced scorecard approach has been used to explain the importance of linking the firm's strategic goals with targets. Kaplan and Norton (2004) stated, "By developing objectives and measures that are specific to its value proposition, the organization translates its strategy into tangible measures that all employees can understand and work toward improving" (pp. 42–43).

Analytics

Analytics refers to the method for converting data to insights (Boudreau & Ramstad, 2007). The techniques that are used for transforming data into information may include both qualitative and quantitative methodologies. Ukenna, Ijeoma, Anionwu, and Olise (2010) argued that measures that focus on individual-level objectives can be used to improve the productivity of workers and determine the extent to which individual productivity contributes to the attainment of corporate objectives. Fitz-enz (2009) stated, "Quantitative measures tend toward costs, capacity, and time. Qualitative measures focus on value and human reactions" (p. 11).

Processes

The knowledge gained from HCM and HR metrics is used to establish policies, which explain the processes component in the LAMP framework. Similarly, Kaplan and Norton (2004) defined the process of developing strategic initiatives

based on assessment findings as action programs. Kaplan and Norton (2008) pointed out that, even though linking strategy and action plans seems obvious, “50 percent of organizations do not link strategy to short-term plans and budgets” (p. 103). Also recommended was that firms determine the appropriate action program, budget for the initiatives, and also establish accountability for execution of the action processes (Kaplan & Norton, 2008).

Problems arise when processes are disconnected from strategic objectives, measures, and performance targets. Fudurich (2011) explained that some corporate policies do more to hinder the achievement of strategic goals than they do to foster improvement. For example, in some organizations employees lose benefit days if they do not use them. As a result, absences actually increase rather than decrease because employees do not want to lose their benefit days. Fudurich suggested that it makes more sense to reward employees for productivity and attendance rather than penalize them by taking away unused benefit days. He thinks that policies should increase the likelihood of attaining objectives, not work against them. Otherwise, policies may inadvertently reward the very behaviors that processes were developed to avoid.

Boudreau and Ramstad (2007) stated, “HR metrics which force strategic change include the right logic, the right measures, the right analytics and the right processes” (p. 192). The LAMP model does not represent easy solutions to HCM issues; rather, the LAMP model provides a guide to the decision-making process. Using this model, strategic HR change will occur, hence changing the DNA of HR from a cost-focused to a strategic-focused endeavor.

HR Metrics and Financial Performance

Another important dimension of HCM and HR metrics is the link with financial performance. Kaplan and Norton (2002) argued, “Every measure selected should be part of a cause-and-effect relationship that culminates in improving financial performance” (p. 40). While common HR metrics are ratios of financial measures such as revenue, profits, return on investment, and so forth, Chhinzer and Ghatehorde (2009) indicated such measures must be linked to strategy in order to interpret ratios correctly. Some of the interpretations are based more on imitation of other organizations and faulty causal relationship assumptions than on data-driven decision making.

Chhinzer and Ghatehorde (2009) illustrated that some executives have assumed a causal relationship exists between headcount and financial performance. Chhinzer and Ghatehorde indicated some poorly run companies reduce headcounts in an attempt to improve financial performance, while successful organizations increase headcount to improve financial performance. Yet, headcount

alone is not enough of a performance driver to improve financial performance, and there is a lack of empirical data to support the notion that changes in headcount will improve financial performance. Even with this lack of support, organizational leaders continue to use the reduction or addition of headcount as a key driver of financial performance.

Moore and Craig (2006) argued that return on investment, revenue growth, customer retention cost, and revenue per employee are lagging indicators rather than leading indicators. Kaplan and Norton (2001) stated that financials represent “lag indicators that report on the outcome from past actions” (p. 18). Moore and Craig identified lead indicators as revenue mix, customer satisfaction, new product development, and diversified preparedness. These explanations further demonstrate the importance for corporate executives and managers to understand how strategy-focused HCM and HR metrics contribute value to the firm and can improve lead indicators. Additionally, there is no “one size fits all” approach to managing human capital that will guarantee success because each firm’s strategic focus is different. Therefore, making cost-focused decisions that are disconnected from the HCM plan may only temporarily benefit the organization. In order to successfully use HR metrics for data-driven decisions, the appropriate financial measures need to be linked to the organization’s strategy, mission, goals, and objectives. A great deal of care should be placed on the appropriate assignment of performance measures to evaluate specific decisions.

Conclusion

Managing human capital with HR metrics represents an effective way for HR to demonstrate the value contribution of human capital to the firm’s productivity and competitive advantage. The aim of HRM and HR metrics, according to Rickard, Baker, and Crew (2009), is “to measure the effectiveness of HR strategy and to provide key management information for workplace planning and improvement” (p. 83). Effective HR management systems provide not only a starting point for establishing effective HRM plans and HR metrics, but they are also useful for gaining insights on how to best leverage human capital for future organizational success.

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CHAPTER 12

THE EIGHT Ps OF HEALTHY WORKPLACE DESIGN

Kimberly S. Scott

ABSTRACT

The field of marketing has long had its “4 Ps” of marketing (product, price, place, promotion) to guide their decisions and plans to increase value creation for organizations. As human resource (HR) professionals strive to become better business partners, similar frameworks can be applied to design HR policies, practices, and programs that will increase value creation for the organization and its employees. In defining value creation for employees, I take a holistic approach that emphasizes employee health and well-being, outcomes that have received relatively less attention in other high-performance design frameworks. I propose an Eight P Healthy Workplace Design Mix (people, place, policy, practice, pay, positivity, progression, passion) that can guide HR practitioners in shaping a workplace that promotes the physical and psychological health of its employees, on top of achieving exceptional performance.

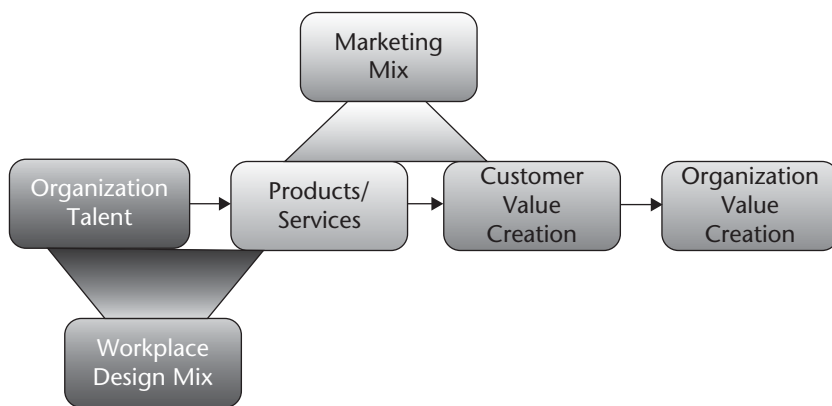
Introduction

Organizational leaders surrounded by complex internal and external environments often respond to decision-making demands by adopting frameworks that help them simplify the process. The most useful frameworks focus leader attention on a limited

number of areas that require strategic thinking, expertise, and resources to achieve optimum results, without over-simplifying the issues. One example of a framework used in marketing is the “marketing mix,” also known as the “4 Ps” of marketing: product, price, place, and promotion. Established in the 1960s by Jerome McCarthy (McCarthy, 1960), this framework guides marketing leaders in making decisions about products and services to maintain a competitive advantage and reach top performance in the marketplace. Marketing professionals consider each of the 4 Ps with regard to its impact on customers, consumer needs, and fit with the business strategy, but the Ps also are considered collectively with an eye toward how they impact each other and how the marketing mix resonates with the company mission or brand, for example. The beauty of this framework is that it is a simple, versatile, practical, and memorable model that helps managers create their global marketing strategies. The marketing mix has been expanded since the 1960s to include additional Ps—like packaging—and critics have proposed changes to address new complexities in the environment and facilitate a more customer-centric marketing approach, but the marketing mix continues to be a prevalent framework widely cited by marketing professionals (Anderson & Taylor, 1995; Dev & Schultz, 2005).

Whereas marketing professionals navigate the complexities of the marketplace to craft the best products and services for customers, human resource (HR) professionals must navigate complex workplaces to design the best policies, practices, and services for the organization and its employees. As shown in Figure 12.1, the success of a product or service creates value for organizations, but the successful

FIGURE 12.1. THE IMPACT OF HEALTHY WORKPLACE DESIGN MIX ON VALUE CREATION



attraction, development, and retention of talent in organizations drives its capacity to design those products and services. “If you wonder what getting and keeping the right employees has to do with getting and keeping the right customers, the answer is everything. Employees who are not loyal are unlikely to build an inventory of customers who are” (Reichheld, 1996, p. 91). This link between people management practices and organization value creation is easy to see in service organizations (Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008), and it applies in other industries too, both corporate and not-for-profit.

Several organizational design frameworks exist to promote high-performing organizations (e.g., Birkinshaw & Gibson, 2004; Westerman, McFarlan, & Iansiti, 2006), and job design models focused on achieving the best fit between employee characteristics and job demands have been studied for years (Steers & Spencer, 1977). What currently is missing in the HR literature is a strategic framework like the marketing mix that can guide HR practitioners in designing workplaces that maximize value creation for both organizations and their employees, adopting a more holistic approach to defining value creation for employees. A holistic view of employee value creation takes into consideration the financial, physical health, and well-being needs of employees, which introduces a more complex set of employment challenges that leaders are beginning to recognize they must address in order to succeed. Employee health has become a management concern due to the escalating costs of healthcare and the rise in preventable diseases like diabetes that are affecting the health of the adult working population. Beyond the costs of healthcare, there is ample evidence that physical health and psychological well-being are significantly connected, and both are being recognized internationally as important measures of a nation’s progress above wealth creation in modern society (Blanchflower & Oswald, 2011). Furthermore, as I will highlight throughout this chapter, there are competitive advantages that can be gained by fostering employee well-being, such as greater employee commitment, creativity, problem solving, and performance. As such, designing healthy workplaces should be of strategic importance to organizational leaders. “Healthy workplace design” is defined here as the creation of workplaces that strive to maximize the physical and psychological health and well-being of their employees, while also contributing to the organization’s overall value creation. As strategic business partners responsible for managing the human side of organizations, HR professionals should be as savvy about their “healthy workplace design mix” as marketing professionals are about their marketing mix. The purpose of this chapter is to propose a framework that can be applied as a healthy workplace design mix.

While the focus of this framework is not on creating a “high performance organization,” a connection to organizational effectiveness is strongly implied. To support this connection, I will highlight throughout this chapter those studies

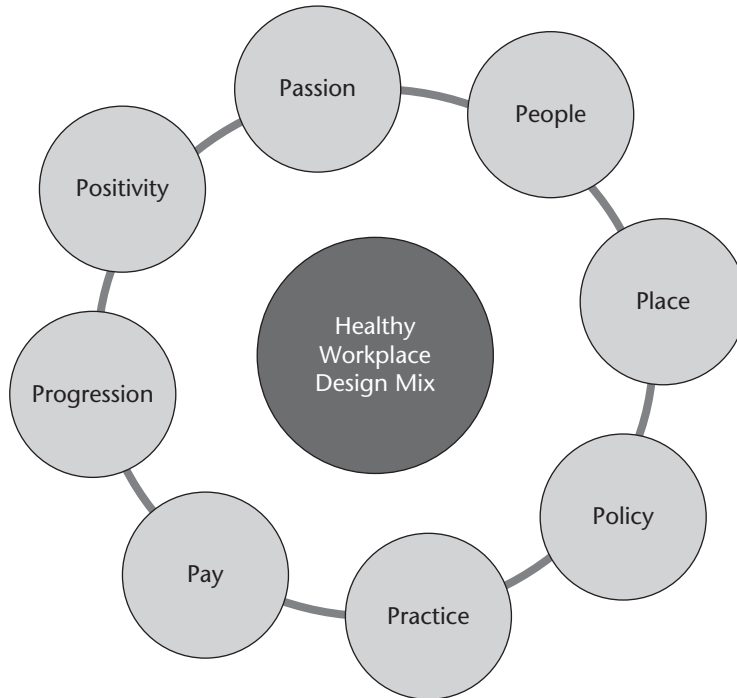
that explain relationships between organizational factors, outcomes, and the health and well-being of employees. I also include studies of so-called “family friendly” policies, which look at the connection between performance and specific workplace practices that promote the well-being of employees. My intent is to familiarize HR practitioners with some of the relevant yet dispersed academic literature that pertains to promoting workplace health, well-being, and performance, rather than providing a thorough review of the literature in these areas. By expanding their knowledge about studies in these areas, practitioners can better articulate their rationale for focusing on this “soft” side of business.

Some research has sought to provide more direct evidence linking employee-focused HR practices to organization success (Fulmer, Gerhart, & Scott, 2003; Pfeffer & Sutton, 2006), but most arguments for creating supportive workplaces for employees are based upon anecdotal claims from the myriad of “best employer” lists that have multiplied since the first “100 Best Companies to Work for” list by *Fortune* magazine was published in 1997. Meanwhile, many business leaders continue to overlook healthy workplace design as a serious strategic priority. This chapter seeks to reframe workplace design issues as matters of organizational and individual health and well-being, rather than being about creating a “great” workplace for employees.

The field of HR has lacked a simple, comprehensive, versatile, practical, and memorable framework to help practitioners make strategic decisions about workplace design that can support employee health and well-being, in addition to performance. Fortunately, research and evidence generated across several disciplines, from psychology to management science, can be used to suggest such a framework. Using this research to develop an evidence-based approach to healthy workplace design, I propose an Eight P Workplace Design Mix, represented in Figure 12.2, which includes the following interconnected elements: People, Place, Policy, Practice, Pay, Positivity, Progression, and Passion. The objective of this framework is to provide a guide for HR practitioners that can help them shape a workplace that promotes the physical and psychological health of its employees, while fostering exceptional performance and value creation for the organization.

People

In 1992, Peter Drucker wrote, “All organizations now say routinely, ‘People are our greatest asset.’ Yet few practice what they preach, let alone truly believe it” (Drucker, 1992, p. 100). Whereas it used to be the case that corporate strategy books and articles rarely mentioned employees (Gubman, 1998), this is no longer true. Frequent references to the “war for talent,” even during economic downturns, reveals greater

FIGURE 12.2. THE EIGHT Ps OF HEALTHY WORKPLACE DESIGN

management awareness about the strategic importance of attracting and retaining the right employees. To establish a healthy workplace, HR practitioners must now pay more attention to what getting the “right employees” means, but the criteria for making such judgments are often too narrowly defined.

Authors who helped establish the practice of “talent management” have written about the importance of aligning a company’s talent strategy with its corporate strategy (Gubman, 1998; Lawler & Boudreau, 2009; Ulrich, Brockbank, & Johnson, 2009). Doing so requires that HR practitioners understand how roles map to the organization’s strategy and value creation, which competencies are essential to driving performance, and how to select for those competencies. What has received relatively less attention is how employees contribute to the overall health and well-being of their colleagues in the organization. In a meta-analysis of studies examining the positive (supportive) and negative (antagonistic) effects

of co-workers, Chiaburu and Harrison (2008) provided evidence that interactions with work colleagues can have a significant impact on individual outcomes such as role ambiguity, conflict, overload, job satisfaction, involvement, organizational commitment, turnover, and performance. This work supports the view that designing an effective work environment and talent strategy requires attention to selecting for and promoting employees based on qualities beyond knowledge, skill, or ability.

Similarly, research showing significant links between manager personality profiles and the rates of accidents and injuries in their departments provides alarming evidence that stable personal characteristics of managers can directly impact the physical well-being of their employees (Thoms & Venkataraman, 2002). Other researchers are providing evidence that reveals connections between genetics and workplace behaviors like entrepreneurship and attitudes like job satisfaction, job preference, and the perceived importance of work (Anonymous, 2010; Nicolaou & Shane, 2010). Finally, research suggests that measures of workplace effectiveness that are important to HR, like job satisfaction and employees' perceived well-being, are relatively stable and significantly associated with personality characteristics (Bruk-Lee, Khoury, Nixon, Goh, & Spector, 2009; Diener, Oishi, & Lucas, 2003; Gerhart, 2005; Hofer, Busch, & Kiessling, 2008; Kivimaki, Virtanen, Elovainio, & Vahtera, 2006; Park, Peterson, & Seligman, 2004; Rafienia, Azadfallah, Fathi-Ashtiani, & Rasoulzadeh-Tabatabaie, 2008). Collectively, these findings should encourage HR leaders to critically examine their talent management strategies and the measures used to track them.

As discussed later, *positivity* in the work environment is another key aspect of the healthy workplace design mix. To generate higher levels of employee satisfaction and engagement, one strategy that HR practitioners may consider is selecting for employees who are more likely to have positive attitudes about their jobs and promote a more positive work environment for others. However, that strategy alone is unlikely to produce a healthy workplace, and there is ample evidence that workplace interventions can increase levels of employee satisfaction regardless of the impact of stable personality characteristics (Gerhart, 2005). The remaining seven Ps in the design mix point to situational factors that HR practitioners can change to improve the physical and psychological health of all employees.

Place

While the physical design of the work environment is of concern to HR practitioners when there are occupational health and safety hazard issues to address in employment policies, consideration of the physical workspace rarely appears

in talent management strategies focused on creating high-performing organizations. However, the physical workspace should be a strategic workplace design factor for HR leaders because of growing evidence about the impact of the environment on performance, attitudes, and health. The potential for workspace design to enhance organizational performance is what elevates this factor from a facilities management task to a strategic workplace design concern (Chan, Beckman, & Lawrence, 2007; Harmon, Fairfield, & Wirtenberg, 2010; Hua, Loftness, Kraut, & Powell, 2010).

For starters, improvements in the work environment can contribute to reduced costs and higher productivity (Mendell, Fisk, Kreiss, Levin, Alexander, Cain, et al., 2002). Work contexts can damage employee health and vitality, contributing to illnesses ranging from communicable respiratory infections to cancer (Mendell, Fisk, Kreiss, Levin, Alexander, Cain, et al., 2002; Samet & Spengler, 2003; Spreitzer, Sutcliffe, Dutton, Sonenshein, & Grant, 2005). The physical work environment also may increase levels of stress, burnout, work-related injuries, long-term sickness, and cardiovascular disease (Clays, Leynen, De Bacquer, Kornitzer, Kittel, Karasek, et al., 2007; Hilmert & Kvasnicka, 2010; Kopp, Skrabski, Szanto, & Siegrist, 2006; Lidwall, Bergendorff, Voss, & Marklund, 2009; Marchand, Demers, & Durand, 2005).

On the positive side, a well-constructed work environment can foster knowledge sharing activities (Nenonen, 2004) and increase flexibility, collaboration and creativity (Chan, Beckman, & Lawrence, 2007; Ma, 2009; Magadley & Birdi, 2009; McCoy & Evans, 2002; Vischer, 2007). The “best companies” often featured in *Fortune*’s lists are admired for their physical work environments. Take the 2010 top company according to *Fortune*, SAS, acclaimed for its beautiful and employee-centered work environment, which serves to attract and retain the best talent (Kaplan, 2010). Moving beyond appearance and amenities, by expanding the definition of a “healthy workplace” to include concern for the physical work environment, workplace design can be connected to the organization’s strategies to promote sustainability. With increased interest in environmental sustainability and energy conservation, both prospective and current employees may find an organization’s attention to the workspace an attractive, engaging feature that puts the organization at a competitive advantage (Brokaw, 2009). As executives continue to incorporate sustainability issues into their strategic plans, HR leaders can demonstrate their value as business partners by proposing the design of sustainability initiatives that improve the work environment, making connections to talent management. The challenge for HR practitioners is to be proactive in developing the knowledge and skills necessary to be an effective advocate for these changes in the work environment (Harmon, Fairfield, & Wirtenberg, 2010).

Policy

The policies created and implemented by HR leaders help set and reinforce the rules of an organization. During the last two decades, much research has examined the effects of workplace policies that are intended to promote the well-being of individuals outside of the workplace. Of particular interest are “family friendly” policies and policies related to work-life benefits. Although critics initially dismissed the idea that employee benefits can contribute to positive outcomes, some going so far as calling it “snake oil,” there is now ample evidence that policies providing valuable benefits to employees can improve both employee well-being and organization performance (Lambert, 2000; Pfeffer & Sutton, 2006).

Offering flexible work arrangements and work-life benefits that employees use and value can lead to positive outcomes for organizations, such as increased feelings of perceived organizational support, job satisfaction, organization commitment, lower turnover, and higher levels of performance (McNall, Masuda, & Nicklin, 2010; Muse, Harris, Giles, & Feild, 2008; Sands & Harper, 2007). Similar results have been found for other workplace policies such as fair grievance procedures, recognition and incentive programs, and performance management policies (Ferguson & Reio, 2010; Gong, Law, & Chang, 2009; Kinnie, Hutchinson, Purcell, Rayton, & Swart, 2005). Establishing policies that allow people to “be themselves,” acknowledging that the lines between work and non-work are often blurred, contribute to a healthy workplace and a healthy bottom line. “The authentic emphasis on supporting employees’ inside and outside relationships at Southwest and at places like Costco, Genentech, Smuckers, Starbucks, and Wegmans means that employees have the desire and emotional energy and keep developing the interpersonal skills to build relationships that are in the company’s best interest. These enduring relationships result in higher profits” (Pfeffer & Sutton, 2006, p. 76).

Practice

Related to organizational policies are the practices that managers adopt to implement them and the strategic plans of the organization. Practices include the scripts and routines followed by people within an organization, and from a “distributed leadership” perspective they are as important to crafting a high-performance organization as selecting the right individuals to be leaders (Gronn, 2002; Spillane, 2006; Spillane, Halverson, & Diamond, 2001). The practices used by managers reflect their underlying “theories-in-use” and are related to values like fairness, respect, and concern for employee health and well-being. Instrumental theory-in-use impacts daily job activities, such as how information is communicated,

how resources are allocated, and how decisions get made, and it shapes the organization's identity over time (Argyris & Schön, 1996). Three evidence-based characteristics of workplace practices that promote health and well-being are employee support, fairness, and autonomy.

Like the Ps covered up to this point, there is evidence that the employee-centered practices adopted by an organization can positively impact its performance. For example Chuang and Liao (2010) found that human resource management practices in a high-performance work system can improve unit performance. They proposed and found support for their framework, which suggests that the mechanisms behind this relationship are concern for customers and concern for employees, which further cause employees to engage in customer service and co-worker help and support. Other studies examining HR practices that are supportive of employees show similar results. In their study of 136 technology firms, Collins and Smith (2006) found that HR practices that foster commitment are related to climates of trust and cooperation, which are further associated with knowledge-sharing capabilities and increased revenue. Later in this chapter, when I cover the importance of cultivating a positive workplace, further evidence is offered for providing practices that support employee well-being.

The perceived fairness of workplace practices also has been associated with a variety of outcomes, including turnover, performance, and willingness to engage in “extra role” behaviors that benefit the organization (De Cremer, Brockner, Fishman, Van Dijke, Van Olffen, & Mayer, 2010; Jones & Martens, 2009; Suliman, 2007; Trevor & Nyberg, 2008; van den Bos & Miedema, 2000). The “fair-process effect” found in several experimental and field studies demonstrates that employees can maintain a positive attitude and remain highly committed to an organization even when they receive an undesirable outcome (e.g., lower than expected pay) as long as they think the procedures for making the decision are fair and they are treated fairly in the process (De Cremer, Brockner, Fishman, Van Dijke, Van Olffen, & Mayer, 2010; van den Bos & Miedema, 2000). Because people seek to make sense of what happens to them in the workplace, and they interpret cues about how they are treated as signs of how they are valued and whether they can trust others in the organization, fair practices and procedures should be a hallmark of a healthy workplace. Similarly, giving employees autonomy to do their jobs and pursue their goals consistently appears in job design models as an essential design characteristic as well as a practice that is associated with higher levels of employee satisfaction and well-being, particularly when work tasks are complex (Chung-Yan, 2010; Kuvaas, 2009; Niemiec, Ryan, & Deci, 2009; Ryan, Huta, & Deci, 2008). This research further suggests that allowing for autonomy in the work environment is more motivational to employees than financial rewards, which are discussed next.

Pay

Later in this chapter, I will present the case that to build a healthy workplace there must be concern for objectives beyond personal wealth creation. There is evidence that pay is not always an effective motivation tool and that people overestimate how much others are motivated by financial incentives (DeVoe & Iyengar, 2004; Heath, 1999; Pfeffer & Sutton, 2006). A recent meta-analysis of pay and satisfaction research found only a marginal relationship between pay levels and either job or pay satisfaction (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010). However, it is not a contradiction to highlight pay as a key component of the healthy workplace design mix. Perceived well-being is a multi-faceted concept, which includes general evaluations of life satisfaction as well as positive and negative feelings about life experiences (Lucas, Diener, & Suh, 1996). While paying employees above-market rates for the work they do will not compensate for deficits in other social psychological aspects of workplace design, providing adequate, fair pay to all employees is a necessary part of the mix to help employees achieve life satisfaction. Some companies concerned about creating a healthy workplace, like the restaurant chain Chick-fil-A that is in an industry sensitive to labor costs, go even further to provide superior compensation to employees because they believe that it is an important part of their people strategy to attract and retain the best people, which helps them drive superior customer loyalty (Reichheld, 1996). Research suggests that market-based salary strategies may pay off in terms of producing higher employee motivation and performance (Brown, Sturman, & Simmering, 2003; Hayashi, 2007; Reichheld, 1996; Sturman & McCabe, 2008).

Pay also directly affects individuals' self-evaluations of life satisfaction and their perceptions of personal well-being (Diener, Ng, Harter, & Arora, 2010; Diener, Oishi, & Lucas, 2003; Jin, Yu, & Hui, 2009; Sparks, Corcoran, Nabors, & Hovanitz, 2005), so just as high pay cannot be used to excuse unhealthy working conditions, inadequate or unfair pay cannot be replaced by attention to the other Ps in the design mix. Like the workplace policies and practices mentioned previously, how an organization pays its employees conveys important messages about the value of people to the organization. Pay practices that are fair contribute to other attitudes about the organization, and perceived pay injustices can lead to negative consequences for the organization including theft, sabotage, and other counterproductive behaviors (Greenberg & Scott, 1996). Financial incentive practices, while popular, may actually do more harm than good, and the elaborate performance management schemes that businesses put in place to justify incentives are rarely viewed positively (Niemic, Ryan, & Deci, 2009; Pfeffer & Sutton, 2006; Ryan, Huta, & Duci, 2008). As such, while providing a good salary will allow employees to satisfy their basic needs and achieve a healthy standard

of living, simultaneously helping employees focus on non-financial goals (such as personal growth) will help them achieve greater levels of life satisfaction and psychological health.

Positivity

To be an effective workplace designer, HR practitioners should be knowledgeable about the growing influence of the positive psychology perspective on the study of workplace behaviors and organizations (Luthans & Youssef, 2007; Roberts, 2006; Seligman & Csikszentmihalyi, 2000; Wright & Quick, 2009; Youssef & Luthans, 2007). This approach seeks to understand the factors that contribute to well-being, happiness and psychological health under “normal” life conditions (Seligman & Csikszentmihalyi, 2000). The positive psychology movement has generated many research studies showing significant relationships between positive emotions, attitudes, and outlook and desirable work behaviors like creativity, task focus, perseverance, and effective problem solving (Amabile & Kramer, 2007; Dutton, Roberts, & Bednar, 2010; Park, Peterson, & Seligman, 2004; Spreitzer, Sutcliffe, Dutton, Soneenshein, & Grant, 2005; Youssef & Luthans, 2007).

Scholars adopting a positive perspective to the study of people in organizations have proposed new tools for analysis and problem solving, such as appreciative inquiry, and new interventions for leadership development, like constructing “reflected best-self portraits” (Cooperrider & Srivastva, 1987; Roberts, Dutton, & Heaphy, 2005). At the macro level, authors have recently demonstrated the value of creating a “virtuous organization,” defined as an organization that has a culture with a strong ethical and moral foundation and leaders who bring out the best in their people (Froman, 2010). Considering the evidence linking emotions in daily work life to stress levels and physical health, workplaces that generate positive emotions and foster positive interactions between people may improve individual health and increase employee capacity to deal with stressful conditions at work (Adam, 2005; Amabile & Kramer, 2007; Chiaburu & Harrison, 2008; Heaphy & Dutton, 2008; Loscocco & Spitze, 1990; Neill, 2006).

Designing for positivity within a workplace requires attention to how it manifests in the other Ps of the design mix, including people, policy, and practice. For example, as explained in the People section earlier, hiring and promoting people who are positive and supportive of others may be one way to create a healthy workplace. Because both managers and employees directly affect the work lives of other employees (Chiaburu & Harrison, 2008), HR practitioners should consider innovative approaches to selection and training practices. Research in positive psychology has led to advancements in measures of character strengths, which may

help practitioners identify and select for character strengths that will promote a healthy workplace. For example, the character strengths of hope, zest, gratitude, love, and curiosity are significantly associated with life satisfaction, which itself is associated with good problem solving, better performance, resistance to stress and physical health (Park, Peterson, & Seligman, 2004).

Similarly, the well-established personality traits of agreeableness and extraversion are related to self evaluations of perceived well-being (Diener, Oishi, & Lucas, 2003). However, other scholars have produced evidence that positive characteristics like hope, optimism and resilience can be developed, so attention also should be given to interventions that help people learn positivity (Luthans & Youssef, 2007; Youssef & Luthans, 2007). Aside from recruiting and developing positive employees, Policies that show care and concern for employees may contribute to a positive workplace. Research suggests that offering such policies increases employee commitment to the organization because employees interpret such acts as caring, which in turn enable them to give support to others (Grant, Dutton, & Rosso, 2008).

Finally, HR leaders can design workplace practices that foster positive thinking. One practice to examine carefully is how performance feedback is gathered and shared. While sharing feedback is a commonly used approach for developing employees, improving relationships, and facilitating goal achievement, the way in which feedback practices are managed can make the difference between positive and negative outcomes for employees and the organization. Research on identity formation now suggests that taking a positive approach to providing employees developmental feedback can be more motivational and lead to better outcomes (Dutton, Roberts, & Bednar, 2010; Roberts, Dutton, & Heaphy 2005). Rather than purely focusing on identifying and closing gaps in employee behavior, managers who help employees craft a “reflected best-self portrait,” an image of who you are when you are at your best, may see more positive and lasting results (Roberts, Dutton, & Heaphy, 2005). Helping employees reach their full potential is linked to the next P in the healthy workplace design mix, progression.

Progression

Providing opportunities for growth and development typically appears as a defining characteristic of great workplaces around the world. In a recent study of the most desired employer characteristics, skill development ranked first among participants in the Generation X and Millennial categories (Meister & Willyerd, 2010). Similarly, in a 2008 survey of 4,271 new college graduates, training and development was selected as the top choice for the benefit they would value the

most over the next five years, other than salary (PricewaterhouseCoopers, 2008). This is impressive considering that “cash bonuses” and “free private healthcare” were among the other benefits participants could have selected.

Aside from being a desirable employment benefit, opportunities for progression can be highly motivating and create a positive workplace experience for employees. Researchers who examine “thriving” at work suggest that learning is an essential component of the psychological experience of vitality in the workplace (Spreitzer, Sutcliffe, Dutton, Sonenshein, & Grant, 2005). The opportunity to learn new things also has been positively associated with perceived well-being (Diener, Ng, Harter, & Arora, 2010).

Similarly, employees who perceive their organization cultures to be supportive of learning and development have been found to have the highest levels of organizational commitment and lower turnover intentions (Joo, 2010). However, it’s also important for HR practitioners to understand that not all employees value the same kinds of learning and development activities and that learning may not be a motivator to all employees. A recent study of U.S. employees found that an individual’s learning orientation affects whether or not development opportunities increase organizational commitment (Maurer & Lippstreu, 2008). A workplace that fosters progression must do so in a way that appreciates individual preferences and needs for learning and development, rather than approaching this as a “one size fits all” benefit.

Passion

For employers trying to create a healthy workplace, “passion” means employees have intrinsic motivation in their jobs and there is a climate in which employees have a sense of connection with the organization—they believe in its purpose and are engaged by the work they are doing. For HR practitioners responsible for job design, this means helping employees create jobs and goals that are connected to intrinsic aspirations (personal growth, close relationships, community involvement, etc.) and focus beyond financial success (Amabile & Kramer, 2007; Niemiec, Ryan, & Deci, 2009; Pink, 2009). The ability of an organization to create passion among its employees and customers depends in part upon the clarity of its mission, objectives, and values. “Only a focused and common mission will hold the organization together and enable it to produce” (Drucker, 1992, p. 100). However, such clarity of purpose also must include impact beyond the company’s bottom line for a company to be healthy. Well before the era of corporate social responsibility, Drucker recognized the importance of connecting the organization to the needs of society.

Analyzing survey data collected from more than two thousand participants, Jeanne Meister and Karie Willyerd (2010) found that the one employer characteristic ranked first or second by respondents from across all generations was “having strong values.” They suggest that an organization’s ability to establish and reinforce a set of values through its organizational culture and brand will be the most effective and least expensive way to create an engaging workplace. The search for meaning at work can be a powerful motivator for employees, and companies are responding by promoting corporate responsibility programs that appeal to both employees and customers (Murray, 2007). Having an internal brand that resonates with employees may be even more important in engaging Millennials, typically defined as people born between 1977 and 1997. In a study of work expectations collected from a sample of 2,739 recent Millennial graduates (entering the workforce after June 2000), 88 percent of the participants said they will deliberately seek to work for employers whose corporate responsibility behaviors reflect their own behaviors (PricewaterhouseCoopers, 2007).

Finally, to create and sustain passion in the workplace, the organization identity that is communicated to current and prospective employees and customers must convey accurate and compelling messages that the “right people” can be passionate about. Individuals who are attracted to the organization should find a match between their personal identities the organization identity that is communicated (Cable & DeRue, 2002; Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005; Edwards & Cable, 2009). The image or identity created by the organization can be both a valuable recruitment and communication tool to create a passionate workforce (Lievens, Van Hoye, & Anseel, 2007), but it must be an authentic identity that the organization can live up to.

Getting the Mix Right

Just as there is not one right formula for a marketing mix that leads to optimal product performance, workplace design can be vastly different across organizations while being equally effective in creating high-performing, healthy organizations. As shown in this chapter, the eight Ps are interconnected, and the alignment among them should be examined, along with implications of each separately and how they support the organization’s strategy. The process and contents are up to the workplace designer to establish by understanding the business strategy and how the organization creates value for customers, and by collaborating with organization leaders to envision the desired identity of the company.

It also is critical for workplace designers to know what is important to those “right” people whom the organization must attract so there is a good fit between

the organization and its people (Chapman, Uggerslev, Carroll, Piasentin, & Jones, 2005; Donohue, 2006; Edwards & Cable, 2009; Ostroff, Shin, & Kinicki, 2005). Throughout the design process, colleagues in functions like facilities management and corporate communications should be invited to contribute their expertise. Finally, involving employees in the process can increase the chances of employee acceptance of and satisfaction with the end results (Chan, Beckman, & Lawrence, 2007; Kinnie, Hutchinson, Purcell, Rayton, & Swart, 2005; Ornstein, 1989; Vischer, 2007).

This chapter proposes a new design framework for practitioners that stems from research findings collected across several different fields of study related to employee health, well-being, and performance. Future research can inform practitioners about the implications of their design decisions regarding each P in the model by establishing validated measures that can be used in research and in practice to examine relationships among the Ps and outcome variables that include health, well-being, and performance outcomes. Like the marketing mix, this framework should adapt to new research evidence as it becomes available.

Workplace design is a complex process involving multiple perspectives and sometimes competing goals of other organizational groups involved in planning, such as finance, information technology, and facilities management (Chan, Beckman, & Lawrence, 2007). The eight P framework is centered around employee health and well-being and, in practice, design decisions will need to be made in concert with recommendations stemming from organization design frameworks that seek to maximize results for other organizational stakeholders.

Although many HR leaders continue to struggle in their efforts to be perceived as capable “strategic architects” (Lawler & Boudreau, 2009; Ulrich, Brockbank, & Johnson, 2009), a growing number of resources and evidence now exists to help HR executives connect the human side of organizations to business strategy. The Eight P Healthy Workplace Design Mix is one more resource that can help leaders create the blueprints needed to be effective strategic architects. By evaluating and making adjustments to HR policies, procedures, and practices related to each P in the model, HR practitioners can contribute to value creation and work with business leaders to transform their organizations, taking one more step toward being recognized as strategic business partners.

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PART THREE

THE EVOLUTION OF HUMAN RESOURCES



CHAPTER 13

THE HR TRANSITION TO STRATEGIC PARTNER

The Rarely Discussed Identity Challenges

John Sherlock

ABSTRACT

This chapter explores the role identity challenges associated with HR professionals striving to integrate the strategic partner role with their HR generalist role. While the HR community generally views the opportunity of HR serving in a more strategic role with great enthusiasm, this chapter draws upon role identity theory to explore how HR professionals may experience role ambiguity, role conflict, and role transition challenges as they endeavor to integrate these roles. The author highlights the limited research examining this rarely discussed area and offers recommendations for both HR professionals and their organizational colleagues to facilitate this important role change.

Introduction

I've noticed how the field of human resources has largely celebrated the prospects of HR professionals serving in a more strategic role in organizations. While Ulrich and Beatty (2001) have segmented the HR professional's job into six different role components, for this discussion I'll use the terms "strategic partner" as a catch-all term for HR's more strategic role and "HR generalist" role to refer to the more traditional HR activities. The strategic partner role has been portrayed as a long-awaited opportunity to "get a seat at the table" at the executive level within organizations and be recognized for the value HR delivers (Ulrich, 1997; Ulrich & Beatty, 2001). Understandably, the "politically correct" response appears to me to be for the HR professional to also view this change with great enthusiasm. While some HR professionals' jobs may be to serve exclusively in the strategic partner role, the majority I've encountered must find ways to integrate the strategic partner role in with their HR generalist role. In this regard, I've noticed some interesting reactions that caused me to explore this role transition in more depth.

As a professor in a graduate HR program, I work regularly with HR professionals who are working to further develop their skill set and advance their HR careers. In teaching hundreds of these students over the years, I've noticed that some of my students view the "strategic partner" role for HR as logical and the way "HR always should have been operating." However, others often have had very different reactions to the strategic partner role. In class and private discussions, these particular students (who are primarily employed as full-time HR generalists) would voice concerns about how the HR field was changing and how it was asking them to "change" and describe various levels of frustration, confusion, and anxiety the changes were causing them personally. Given that these students were typically doing well in their strategic HR coursework, these concerns weren't coming from the new skill set being beyond their grasp; rather, something else related to an expanded role was uncomfortable for these HR professionals. I found considerable insight from the literature on role identity theory and would like to share in this chapter some propositions about why this addition of the strategic partner role presents some unique challenges. Within this discussion, I'll incorporate some key concepts from role theory literature, as well as highlight the few, yet very important, empirical research studies that have focused on this strategic partner role transition within the HR field. I conclude with some recommendations for HR practice.

Role Identity in Organizations

This section of the chapter is not intended to be a primer on role theory but rather to provide a basic understanding of a few key role theory concepts that appear to me to be applicable to HR's role transition challenges. For a thorough discussion of role identity within organizations, I found Ashforth's (2001) text to be particularly useful. It's long been understood that identities can and may change in organizational settings as one's career progresses (Hall, 1971). Ashforth (2001) defines role identity as the "persona associated with a role, including goals, values, beliefs, norms, interactions styles, and time horizons" (p. 264). Further, role identities are based on the various meanings attached to an individual by the self and by others (Ibarra & Barbulescu, 2010). Thus, role identity is deeply personal but also socially constructed (Pratt, Rockmann, & Kaufmann, 2006). New roles require new skills, behaviors, attitudes, and patterns of interpersonal interactions. It is these changes that can then produce fundamental changes in an individual's self-definitions and identities (Hall, 1971; Ibarra & Barbulescu, 2010).

Ashforth (2001) notes that, as one's organizational role identity strengthens, one is more likely to integrate this identity with his or her other identities. However, if the two (or more) roles are held too rigidly, integration becomes much more difficult, and role conflict may result. This could explain why my students, and other professionals, locked in the "HR generalist" role have trouble adapting to the new role of "HR strategic partner."

Role Ambiguity Challenges

What actually constitutes the strategic partner role of the HR professional has numerous variations. According to Ulrich (Ulrich, 1997; Ulrich & Beatty, 2001), HR professionals serving as strategic partners not only implement strategy but also help to shape strategy. They are considered an influential "player," adding value through acting as a "coach, architect, builder, facilitator, leader and conscience" (Ulrich & Beatty, 2001, p. 294). Pritchard's (2010) study examined the job descriptions of several HR professionals serving in a strategic partner role and noted the following common job description language: "shape business strategy; develop HR strategy in line with business strategy; align HR interventions/processes with HR strategy" (p. 179). However, translating these "strategic" duties into specific daily tasks is far less clear. Further, "blending" the strategic role with HR generalist duties remains ambiguous. So the challenge is not only figuring out what "being strategic" means

in terms of daily tasks, interactions, and thought processes, but also how to integrate these activities efficiently and effectively with other HR responsibilities.

Role identity theory cautions us that role ambiguity arises when there is a lack of necessary information available for a given organizational position. Typically, this lack of information stems from a lack of clarity around goals, expected behaviors, priorities, etc. (Ashforth, 2001). I remember one student (a working HR professional) relaying to me how his CEO told him: “Yes, of course I want you to be strategic, but can’t be much more specific than that . . . and I still need you to do all the operational things too.” Reilly, Tampkin, and Broughton (2007) found in their survey of nearly eight hundred firms that 25 percent of the HR professionals responding indicated that their roles had been unclearly defined (p. 12). How to enact this new strategic role is clearly more ambiguous than the traditional HR generalist role, which has a more established, objective set of tasks. Thus, HR professionals are endeavoring to enact this new role without a clear “script.” Research has shown us that role ambiguity for any organizational position is to be minimized and, if not addressed, could lead to role dissatisfaction, role anxiety, and, ultimately, lower performance (Rizzo, House, & Lirtzman, 1970).

Role Conflict Challenges

I find Rizzo, House, and Lirtman’s (1970) research particularly helpful in distinguishing between role ambiguity and role conflict. Whereas role ambiguity is related to a lack of information surrounding one or more roles, role conflict is defined in terms of the dimensions of congruency-incongruency or compatibility-incompatibility in the requirements of the role (p. 155). Further, their research identified four types of role conflict most common in organizations:

1. Conflict between the focal person’s internal standards or values and the defined role behavior
2. Conflict between the time, resources, or capabilities of the focal person and defined role behavior
3. Conflict between several roles for the same person that require different or incompatible behaviors, or changes in behavior as a function of the situation
4. Conflicting expectations and organizational demands in the form of incompatible policies, conflicting requests from others, and incompatible standards of evaluation

As Ashforth (2001) points out, some form of role conflict is inherent in any given role. However, recent HR research (Brown, Metz, Cregan, & Kulik, 2009;

Pritchard, 2010; Reilly, Tamkin, & Broughton, 2007) suggests that some HR professionals serving in the strategic partner role may actually be experiencing all four types of role conflict listed above! I'll just briefly share some of the very interesting findings from these studies: Brown, Metz, Cregan, and Kulik (2009) studied how HR professionals attempt to integrate strategic HR activities (with greater emphasis on organization performance) and traditional HR activities (with an employee-centered focus). The researchers examined the relationship between these two roles, with a particular emphasis on their compatibility. The study found that HR managers did experience particular challenges attempting to perform in the strategic role while simultaneously promoting employee well-being. Pritchard's (2010) year-long ethnographic study of a sample of HR practitioners who had assumed a strategic partner role provides further insight into potential role conflict. The study found that, while many in the study depicted becoming strategic as a "release" from previous constraints, conflicts developed as they attempted to retain a say in more transactional HR issues. Even those who no longer were obligated to fulfill HR generalist duties "found it difficult to step away from the day-to-day HR activities with which they had been involved for many years" (p. 183). The study also found that individuals serving in this more strategic role had to work through the difficulty of determining what value was being added through their strategic role activities, such as attending senior management meetings, conversations with business leaders in the organization, and so forth. Reilly, Tamkin, and Broughton (2007) found that half (49 percent) of the nearly eight hundred HR professionals surveyed felt they had been drawn into activities not relevant to the strategic HR role, and just under half (46 percent) acknowledged tension between responding to corporate management needs vis-à-vis the needs of the individual business units (and their employees).

In my graduate HR classes, I hear particularly strong reactions from students when I ask them to read Sullivan's (2003; 2005) writings, in which he asserts that HR needs to focus on senior management as the primary customer, rather than employees, and to shift their focus from employees to organization performance. For those HR professionals who have strongly identified with the role of HR as serving the needs of employees, these shifts have strong potential to cause role conflict.

Role Transition Challenges

Role transitions typically refer to shifts between roles and involve the processes of exiting one role and entering another (Ashforth, 2001). HR professionals have always engaged in a number of at-work transitions between various roles within their organizational role set. For example, an HR generalist may be serving in an

employee relations role counseling a staff member and then transition to solving a payroll problem. However, the role transitions from HR generalist roles to the strategic partner role (and vice versa) present new and, arguably, more complex transition challenges.

Ashforth (2001) explains that a given pair of roles can be arrayed on a continuum ranging from high segmentation to high integration. Highly segmented roles usually have little similarity between the contexts that inform each role and between the specific goals, values, beliefs, norms, interaction styles, and time horizons that constitute each role identity. At the extreme, there can be “complete segmentation,” where the two role identities may be viewed as mutually exclusive or even antithetical (Ashforth 2001, p. 267). At the other end of the continuum, highly integrated roles are ones that have considerable overlap and tend to have similar identities. Some HR professionals may view the HR generalist and strategic partner roles as being highly segmented because they see the two roles as having different goals, values, norms, and so forth, while others see the roles as overlapping with common goals, values, norms, and so forth. While I find Ashforth’s (2001) continuum framework a helpful way to understand the concepts of role segmentation and integration, it doesn’t capture for me the complexity of the “sense-making” process each HR professional will go through as he or she considers how best to transition from the generalist role to the strategic partner role (and vice versa) numerous times a day!

As Ashforth (2001, p. 273) explains, transitions between highly integrated roles tend to be relatively frequent because the “boundaries” marking the perimeter of the roles tend to be both “flexible” (e.g., able to be enacted in a variety of settings and at various times) and “permeable” (e.g., the degree to which a role allows one to be physically located in the role’s domain but psychologically and/or behaviorally involved in another role). However, such role transitions often occur via “interruptions” that are difficult to control and may foster frustration because they force an unwanted shift to another role identity (Ashforth, 2001). For example, I recall one HR professional who is a student of mine sharing her frustration of being “interrupted” in a strategic discussion with a line manager (strategic partner role) because a payroll issue needed her immediate attention (HR generalist role). This example shows how other employees (front-line staff, line managers, executives, etc.) see no boundaries marking the perimeter of the HR generalist and strategic partner roles; if there’s an issue needing HR’s help (be it in a strategic or operational area), the HR professional is expected to provide that help, irrespective of any role transition challenges.

When HR professionals view the HR generalist and strategic partner roles as being highly segmented, the challenge of the transition is psychologically exiting one role and entering the other (Nippert-Eng, 1996). Consider, for example, the

scenario of an HR professional who leaves a meeting with an employee about 401(k) benefits to go to a meeting with senior management about strategic priorities for the coming three years; such role transitions are initiated using both external cues (the scheduled time of the meeting with senior management drawing near, etc.) and internal cues (emotions of closure having addressed the employee's 401(k) questions). However, when transitioning between the two contrasting roles is still a relatively new experience for the individual, the internal "transition script" the individual utilizes to effectively exit one role fully enter another is still undeveloped, making the transition difficult (Poole, Gray, & Gioia, 1990).

Recommendations

The purpose of this chapter has been to discuss how role ambiguity, role conflict, and role transition challenges can impact HR professionals as they endeavor to embrace the role of strategic partner. Please note that this chapter takes no position on whether the strategic partner role is an overall positive or negative for the HR professional. While that issue is beyond the present scope, readers should be aware that concerns have been raised about dominant framing of human resource management (HRM) around the strategic partner role and its business/economics focus (Francis & Keegan, 2006). While some "rebalancing" of employee-centered and business-centered role emphasis may occur, the perspective offered here is based on the assumption that the strategic partner role is here to stay. Given that, I view the primary challenge as how to best help HR professionals integrate the strategic partner role into their role set. Below I discuss some possibilities.

Reduce Role Ambiguity Through Dialogue and Experience

As noted earlier, job descriptions may now include strategic partner activities but still have a lack of clarity around goals, expected behaviors, priorities, and so forth. Research has shown that various socialization/orientation tactics by organizations can help to reduce role ambiguity (Jaskyte, 2005; King & Sethi, 1998). Ideally then, the CEO or other direct supervisor would invest the time to "orient" the HR professional to the strategic partner role and help him or her to integrate that role into his or her role set. However, given the newness of the strategic partner role and the fact that the role will be different in each organization based on its needs, its culture, historical role, and reputation of HR, specific behaviors and priorities for the strategic partner role may not yet be clear to the CEO/supervisor, as well as for other stakeholders. Thus, I recommend that HR professionals take the initiative to seek out "conversations" with these stakeholders about the role.

While each conversation will be unique based on the personalities involved, I suggest that the HR professional come to the dialogue with ideas but remain open to “listening” to stakeholders’ needs and suggestions for the role.

Role ambiguity will likely also be reduced for the HR professional through practical experience in the role. Role schema refers to the cognitive structure that organizes an individual’s knowledge about appropriate behaviors associated with a particular role (Fiske & Taylor, 1991). As one gains experience in performing a role, one’s role schema becomes more extensive, detailed, and more organized (Ashforth, 2001). I think it’s important to note that, while the strategic partner role has been discussed conceptually in the literature for many years (Ulrich, 1997), most HR professionals are still “rookies” in terms of experience actually serving in the strategic partner role. The HR professional developing the skill set associated with the strategic partner role (business literacy, learning about their employer’s business strategy, learning how to align HR strategy with business strategy, influencing skills, etc.) will certainly bring additional clarity to the role. I don’t think there’s any substitute for “live” experience in the strategic partner role, followed by feedback conversations with key stakeholders, reflection, and role adjustments. While the clarity around the strategic partner role may never be like particular HR generalist activities (compensation and benefits, etc.), I believe taking these steps should help to lessen role ambiguity.

Reduce Role Conflict Through Customization and Integration

Some HR professionals will see no conflict with the strategic partner roles; Pritchard’s (2010) study found that most HR professionals are “extremely enthusiastic about becoming strategic” (p. 180). However, I suspect many may initially view the strategic partner role as having too much focus on financial performance at the expense of caring for people in the organization. Others may be ambivalent about the changes, seeing some upsides and some downsides (Brown, Metz, Cregan, & Kulik, 2009). I agree with Rynes (2004), who suggests that there is much still not understood about what HR managers actually do and think about when confronting dilemmas that “pit short-term profits against employee welfare” (p. 210). To reduce role conflict, HR professionals have to explore ways that they can make the HR generalist and the strategic role complimentary and, ideally, synergistic.

Pratt, Rockmann, and Kaufmann (2006), in their research of how individuals construct professional identity, highlighted how identity construction in the workplace is “more interactive and more problematic than the relatively straightforward adoption of a role or category” (p. 237). Their research showed that individuals’ feelings of role conflict surface via an often unconscious process of

“work-identity integrity assessment” (p. 241). When there’s a lack of integrity between what an individual is being asked to do and his or her sense of who he or she is (values, beliefs, etc.), individuals will often resolve these conflicts via a process of “identity customization” (p. 246). Early in a new role, individuals may feel uncertain of their own identity and experiment with different possible identities. Initial intuitions about what might be plausible or appealing become grounded in direct experience (Ibarra & Barbulescu, 2010).

A positive example of this identity customization can be found in Brown, Metz, Cregan, and Kulik’s (2009) HR research, which found that a majority of HR managers in their study felt minimal role conflict between their HR generalist and strategic partner roles because, in their minds (at the time they were surveyed), they did not feel they were being forced to make a choice between employee-centered and strategic partner activities; they felt that undertaking employee-centered activities was strategic because they could generate benefits for the organization. I found these research results very encouraging. They highlight the potential of HR professionals to integrate employee-centered activities with strategic partner activities by identifying the benefits of employee-centered efforts for management and “customizing” their strategic partner role such that they reduce or eliminate the role conflict. Some of the HR professionals in the Pritchard (2010) study felt compelled to stay involved in HR generalist activities because they believed their experience was necessary to resolve particular HR issues and that continued involvement in such generalist activities was an “essential prerequisite to successful [strategic] partnerships” (p. 185).

Pratt, Rockmann, and Kaufmann (2006) explain that, when the basic tenets of a person’s professional identity remain the same, but the understanding of this identity becomes “deeper and more nuanced” (p. 246), it represents a type of identity customization associated with the person assuming a more holistic view of his or her overall role. This more holistic view of the HR role is a form of role integration, which can be very desirable in that it provides opportunities for role “cross-fertilization,” potentially attaining synergies in learning and resource utilization by leveraging the opportunities and resources of multiple roles. Additionally, individuals who strongly identify with a particular role may attain greater personal fulfillment from integrating that role with other roles (Ashforth, 2001).

Even when roles become highly integrated, individuals still use internal and external cues to psychologically enter and exit roles. Earlier, I discussed how role interruptions were a particular challenge for HR professionals because the boundaries between their HR strategic partner and HR generalist roles are typically very permeable (same office environment, both roles being needed at various times throughout the day, etc.). What’s possible here, however, is for interruptions

not to require suspending one role for another; rather, such interruptions may involve both roles simultaneously. Both roles are being played, but one has interrupted the other's exclusivity and/or dominance (Ashforth, 2001). While this may sound complicated, you probably have acted in multiple roles at the same time before but just were not conscious of doing so.

As part of the role customization process, individuals will “practice” their customized roles and how they transition between/among those roles. In this regard, they will consciously or unconsciously seek out validation from others (Ashforth, 2001). As HR professionals seek to enact the strategic partner role and integrate it into their role set, obtaining work feedback from employees, line managers, and senior management will be important. The type of feedback each professional seeks will be unique to his or her role customization. For example, some HR professionals I've talked with really want validation from employees in the form of feedback that employees still see HR as a resource to them and an advocate for employee needs; other HR professionals may seek validation from line managers and senior management in the form of feedback that their strategic input is needed and value-added. This type of feedback serves to validate the new integrated role. Customized professional identities are also validated through role models (Pratt, Rockmann, & Kaufmann, 2006). In this regard, HR professionals involved in this role change should seek out other HR professionals whom they respect for how they have integrated their HR generalist and strategic partner roles.

Final Thoughts

As I conclude, I notice an interesting irony: HR professionals, and the organizations they work for, go to great lengths to ensure that employees are clear about their roles in the organization and that they adapt well to those roles through orientation, training, and various forms of support (formal and informal mentoring, etc.); yet, the HR professional seems to be on his or her own when it comes to resources for integrating the strategic partner role into his or her role set. This desired role integration goes beyond HR professionals simply wanting to reduce role stress; I think most HR professionals are striving to provide effective leadership to the organization, and it is only appropriate that the organization provide support to assist them in that endeavor. In this regard, I want to make one additional recommendation—that organizations consider supporting their HR professionals making this role shift with executive coaching.

Poe (2002) points out that the use of coaches by HR professionals has been on the rise, primarily in the area of time management challenges. Certainly,

attempting to integrate the strategic partner and HR generalist roles will only add to the time management challenges. However, I think the value of a coach here goes far beyond time management; a coach could be effective in working with the HR professional to develop role entry and exit cues, as well as personal role transition scripts discussed earlier. Additionally, a coach could also be invaluable to the HR professional in working through the deeply personal issues surrounding potential role conflict between the HR generalist and the strategic partner role.

I applaud the research to date that has explored role and identity challenges impacting HR professionals enacting the strategic partner role (Brown, Metz, Cregan, & Kulik, 2009; Pritchard, 2010; Reilly, Tamkin, & Broughton, 2007). Beyond their important research contributions to the field, these studies served to validate my own suspicions working with graduate HR students who seemed to be struggling less with the coursework and more with the very personal impact of these role changes. The good news is that HR has proven through the decades that they are a very resilient bunch; given the right supports, they will excel in their expanded role.

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CHAPTER 14

REORGANIZATION OF HRM—PAST, PRESENT, AND FUTURE

Peter M. Wald and Rainhart Lang

ABSTRACT

In this chapter relevant developments in HRM are described and the term HRM reorganization is defined. A framework of HRM activities is provided as the basis for interpretation of current developments and future trends in HRM. It will show that the quality of the reorganization builds the basis for the future role and success of HRM.

Introduction

Nowadays, HR managers are confronted with cost pressure, the demand for offering “high-quality services” and the necessity for strategic contributions. Human Resources Management (HRM) with its current behaviors, structures, and tools is often unable to completely fulfill these requirements, inducing a strong need for reorganization of HRM. In the last few years, many efforts have been undertaken by HRM practitioners to reorganize HRM. It is remarkable that these

changes were mainly focused on organizational solutions (shared service center, outsourcing of tasks, etc.) and were rarely accompanied by scientifically driven discussions on strategic role(s) of HRM. For a successful reorganization, a more complex view on the aims and ways of reorganizing HRM seems to be necessary.

In this chapter we will explore and describe relevant developments in HRM, starting with an introduction to the history of HRM and its current state. We will provide a framework of HRM activities as the basis of current developments and future trends in HRM. We will show that the quality of the reorganization builds the basis for the future role and success of HRM.

Reorganization and History of HRM

Reorganization of HRM describes a more or less radical modification of behaviors, roles, tasks, and structures in all HR-related practices. These practices include recruitment, placement, payroll, and development of human resources. They also include structures and processes of the HR departments and their cooperation with the top management, line managers, HR consultants, HR service providers, and employee representatives.

A view on the history of HRM reveals that, at every developmental stage, specific roles and tasks, and, moreover, a specific focus on reorganization of HR functions can be found. The historical pathway of HRM moved from HR-partial/file-administration (“file-maintenance”) through HR-full-administration (“government accountability”) and HR professionalization (“organizational accountability”) to HR strategic integration (“strategic business partner”) as the most challenging task (Cascio, 2005). Historical roles of HRM are concerned with the fulfillment of external and internal administrative requirements (legal and payroll issues) and the task for increasingly “promoting” the company’s business from the “human side.” This development was impossible without appropriate measures of reorganization, such as restructuring of HR departments, defining new roles and tasks, and offering new employee services. Starting from this broad view, it can be stated that reorganization of HRM has to be seen as a normal part of its development.

The ongoing development in which HRM tries to act as a “strategic business partner” is at the very center of current scientific discussions as well as practical demands (Ulrich, Allen, Brockbank, Younger, & Nyman, 2009). This stage of development can be identified in the extent to which newly structured HR departments and a new division of labor between HR departments, line managers, and internal or external providers of HR services have been implemented.

Current guidelines for reorganization of HRM are closely connected with the development of the corporate environment. Relevant factors include globalization issues, the increasing requirements on flexibility and mobility of human resources, the emerging role of stakeholders, and the importance of employee engagement and impact of knowledge of employees. The current reputation of HRM has been generally built upon excellent services and consulting processes. But in the last decade, HRM is being increasingly asked to provide strategic contributions (Caldwell, 2008, Lawler, 2005; Ulrich, Allen, Brockbank, Younger, & Nyman, 2009). To analyze and propose further developments in HRM a framework would be useful.

Framework of HR Activities

All activities of HRM must be aligned with organizational strategy. It is common to use the role set by Ulrich (1997; Ulrich, Allen, Brockbank, Younger, & Nyman, 2009) to differentiate activities and their possible contributions to organizational success. Taking this into account, three relevant groups of HR functions can be identified:

- Strategic functions with a strong focus on strategic contributions could be realized through strategic HR initiatives, talent management, generating and using of own (self-developed/generated) concepts, and HR systems and tools for aligning people to organizational strategy.
- Consulting functions with a focus on HR activities as well as systems and tools, such as professional consulting of line managers and talents by HR professionals and through facilitating and coaching line managers for utilizing HR systems and tools like appraisal and rewarding systems, could be supported by human resources information systems (HRIS) and realized through professional consultation by people.
- Service functions with a focus on transactional processes and operational excellence. These processes could be realized technically (internally or externally) by means of an HRIS-like employee self-services (ESS) and management self-services (MMS).

The potential for valuable contributions (companies' value creation) is much higher by means of strategic functions than by means of service functions. Moreover, different target groups of the HRM functions could be addressed and specific activities could be described, as in Table 14.1.

TABLE 14.1. HRM FUNCTIONS, TARGET GROUPS, AND ACTIVITIES

Groups of HRM Functions	Target Groups	Activities
Strategic functions	Top management, specific groups (talents, high-potentials, young managers)	Strategic contributions and initiatives, design and development of systems and tools, organizational settings and culture, leadership development, and change management
Consulting functions	Line managers, some employees	Consulting quality and delivery, cost handling, offering of suitable and usable HR systems
Service functions	All employees	Service quality and delivery, cost handling, outsourcing/in-sourcing of services

Current Developments—First Experiences

At the moment, it must be considered that most companies are in the midst of their reorganization of HRM. Some companies are evaluating the success of reorganization measures. Organizations often preferred an easy way of reorganization by simply cutting HRM costs through outsourcing of service functions. First experiences show success factors like cost management, quality of services, cooperation with external providers, importance of the management of reorganization, and extended measurement of HR activities. It is apparent that service- and some consulting-related issues are strongly considered as success factors. Therefore, improvements of service quality and delivery or simple cost-cutting are main objectives and measured permanently. In comparison, impact of strategic functions are often neither defined nor measured. Current reorganization activities seem to be of a more tactically oriented nature. This tactical character of reorganization increases the risk of downsizing or outsourcing HRM partly or as a whole. Therefore a more strategic orientation, that is, strong focus on strategic functions, is necessary.

Changes in HRM—Thoughts of Success

The significant failure rate of corporate restructuring and reorganization of HRM underlines the need for concept-based (basis for reorganization is a managerially approved plan) reorganizations. The following deficiencies are known:

- No clearly defined roles and strategic expectations
- No ongoing measurement of success and no systematic application of modern tools

A precondition for successful reorganization is the definition of the future role of HRM. The advanced role set of HRM, including new roles as employee advocate, human capital developer, functional expert, strategic partner, and leader, on the one hand, and actions like coaching, architecting, designing, delivering, and facilitating on the other, should be considered (Ulrich, Allen, Brockbank, Younger, & Nyman, 2009). HRM is asked to increasingly contribute to organizational success in these roles. According to Caldwell (2008), it is essential to establish a new division of HRM by introducing shared services and centers of expertise and to outsource transactional tasks to allow HRM to act more strategically. Therefore, the following positive experiences and thoughts of HR change can be taken into account by reorganizing HRM:

Use of approved concepts like process management is urgently recommended. Reorganization starts with centralization of transactional tasks and/or outsourcing of these tasks. Design of HRM is often process-oriented and follows the groups of functions (see Table 14.1). That means that centralization and realization of service functions (shared service centers, web-based HRM, outsourcing), consulting functions (consultancy services for managers and some employees), and strategic functions (centers of expertise, leadership development, talent management) and developing their own operational models for delivering different services are useful. This could include outsourcing of service functions and parts of consulting functions, as seen in Table 14.2.

Reorganization of HRM is often planned and organized as usual change process and should not end with an IT-based remodeling of HRM processes. Roles and responsibilities have to be defined clearly. The shift of tasks to line management leads to a new shape of HRM (Finney & Hennessy, 2010). As a result of task centralization, outsourcing, and line managers' new responsibilities, the reorganization of internal and external cooperation marks an important effect of overall HRM reorganization.

Self-Organized or Self-Led

Reorganization of HRM should be managed by HRM itself. By their opinions and their behavior, HR executives can effectively promote or impede reorganization. If the HR executives are not being used as change agents or leaders, restructuring has to start with a change of management. HRM should develop its own competencies to be able to lead the change. This includes focusing the efforts on fewer, carefully chosen projects (Strack, Caye, Lassen, Bhalla, Puckett, Espinosa, Francoeur, & Haen, 2010). Defined objectives of reorganization are permanently measured. Often companies could assign consultants to prepare for the reorganization of HRM.

TABLE 14.2. HRM FUNCTIONS, RECOMMENDED ACTION, AND PREFERRED ORGANIZATIONAL SOLUTIONS

Groups of HRM Functions	Recommended Action	Preferred Organizational Solution
Strategic functions	Centralization and development/implementation of HRM-systems (should be kept in-house)	Centers of expertise, systems for leadership development, talent management, salary and benefit, pension schemes, employer branding
Consulting functions	Centralization of some demanding consulting processes and decentralization of general consulting processes, some these functions could be outsourced	Consultancy service center or embedded HR professionals (Ulrich, Allen, Brockbank, Younger, & Nyman, 2009) offering specific support for line managers and some employees (like recruiting as well as coaching, facilitating and training/development) and extensive advice for utilizing of HRM-systems, specialized consulting providers could be involved
Service functions	Centralization of all transactional tasks and its execution mostly technically, broad opportunities for outsourcing, but should be checked carefully, as these functions affect HRM efficiency	Shared service center (in-house or outsourced), web-based HRM, ESS and MSS—offering all transactional HR services onsite/locally

Future Trends

Reorganized HRM increasingly and systematically influences leadership processes, organizational culture, and organizational effectiveness, especially by means of new management tools that are developed, introduced, and controlled by HRM. It can be expected that the focus on enabling line managers to do HRM and enabling HRM to include new fields, such as knowledge management and cultural development, will lead to the creation of a new model of cooperation among all actors performing HR activities inside, outside, and between companies.

The ongoing outsourcing of transactional HR processes will cover other HR functions like recruitment and consulting processes. Furthermore, HRM will develop its own strategic competence to be able to give performance-related

contributions to the realization of the corporate strategy with main fields in change management, intellectual capital management, and development of new organizational capabilities. That means, for example, that HRM should be capable of managing upcoming transformational tasks such as establishing a unique employer brand or defining principles for usage of social media.

Furthermore HRM measures and developments have to be based on HRM's own operational model and own metrics, as well as on its own value base. That means the overall "values" of HRM (visibility, credibility, responsibility, and accountability) will be more important. These values are increasingly the basis for developing and measuring future HRM.

The linkage between HRM practices and systems on the one side and company performance on the other side is evident (Heneman & Milanowski, 2011, Bowen & Ostroff, 2004), and will become more important. Pfeffer (2005, p. 128) characterizes the tasks of HRM more comprehensively as "important keepers and analysts of an organization's culture." Furthermore, HRM has proven to be a key source of organizational effectiveness—organizational design, change management, and so forth (Lawler, 2005)—and influence on employee engagement (Strack, Caye, Lassen, Bhalla, Puckett, Espinosa, Francoeur, & Haen, 2010)

HRM of the future will contribute to business strategy as a credible partner by means of specific contributions like HR systems and tools as well as organizational design, change management, and organizational culture. A successful reorganization of HRM can support a fundamental change from service oriented personnel administration to strategy focused HRM. In all cases, the quality of the reorganization is the basis for the future success of HRM.

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www.roffeypark.com/research

www.shrm.org

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CHAPTER 15

WORKPLACE BULLYING

What Can Be Done to Prevent and Manage It?

Sara Branch, Jane Murray, and Sheryl Ramsay

ABSTRACT

In recent decades workplace bullying has increasingly been recognized as an identifiable phenomenon, with an associated growth in understanding of its contributing factors, behaviors and negative effects on individuals and organizations. Despite this, however, the complexity of workplace bullying incidents and processes continue to challenge researchers and practitioners alike. Moreover, while interventions exist, “fragmentary information” on the effectiveness of such interventions are only beginning to emerge (Saam, 2010, p. 6). While there is recognition that multi-faceted approaches to addressing the phenomenon are needed, such solutions are not easy to develop, implement, or test. This chapter presents a review of the workplace bullying literature as it relates to the prevention and management of workplace bullying prior to presenting a proposal for a holistic intervention program that integrates elements from a variety of research areas.

Summary of Workplace Bullying

Workplace bullying incorporates a range of inappropriate behaviors in the workplace, from low intensity behaviors often termed “incivility” (for a review of the term incivility, see Andersson & Pearson, 1999) to higher intensity aggressive and violent behaviors. As a result, it is often described as an umbrella term, incorporating harassment, intimidation, and aggressive or violent behaviors (Fox & Stallworth, 2005; Hadikin & O’Driscoll, 2000). While there are several definitions of workplace bullying, there is agreement that bullying behaviors are perceived by targets as “difficult to defend against” (Djurkovic, McCormack, & Casimir, 2008, p. 405), encompassing negative behaviors that ultimately appear as “a pattern of systematic maltreatment” (Salin, 2008, p. 221) that usually persist over a period of time (Einarsen, 2000). However, there may be situations in which a single event that is perceived to have an ongoing threat (such as the threat to destroy someone’s career) could be seen as workplace bullying (Einarsen, Hoel, Zapf, & Cooper, 2003; Zapf, 2004).

Common workplace bullying behaviors identified in the literature include unjustified criticism, excessive monitoring of performance, unfair pressure, comments, or sarcasm (Djurkovic, McCormack, & Casimir, 2004), isolating the target or obstructing his or her work, and inappropriately blocking career advancement (Pietersen, 2007). There is also an indication that work-related bullying behaviors (such as withholding of information) are more common than non-work-related behaviors (such as insulting remarks) within managerial ranks, due possibly to greater competition and significant work pressures therein (Salin, 2001). However, caution is needed when listing specific bullying behaviors because other factors, such as the regularity and pattern of the behaviors as well as the context, must be considered in the identification of workplace bullying (Rayner, 1997). Indeed, behaviors that could be considered as bullying have been difficult for targets as well as researchers and practitioners to identify. For instance, research suggests that most bullying behavior is psychological in nature (Bjorkqvist, Osterman, & Hjelt-Back, 1994; Einarsen, Hoel, Zapf, & Cooper, 2003; O’Moore, Seigne, McGuire, & Smith, 1998; Zapf, Knorz, & Kulla, 1996) resulting in identifying bullying behaviors (such as exclusion tactics) difficult.

Workplace bullying can have significant consequences for targets, witnesses, and organizations. The consequences can range from physical harm to an increase in psychological stress for the recipients and bystanders, which in turn affects the functioning of the organization (Einarsen, 2000; Einarsen & Mikkelsen, 2003; Rayner, 1999). Organizations can be effected by loss of productivity, an increase in absenteeism, and intention to leave (Djurkovic, McCormack, & Casimir, 2008).

In the United Kingdom alone, it is estimated that workplace bullying costs organizations £2 billion in lost revenue and eighty million lost working days each year (Health and Safety Executive, 2006).

Prevention and Management of Workplace Bullying

Thus, we now have a better understanding of the general nature of workplace bullying. However, as the research focus begins to move to prevention and management interventions, there is a need to better understand the factors that contribute to the phenomenon's occurrence and maintenance (Fox & Stallworth, 2009). Bullying in the workplace is increasingly being portrayed as a multidimensional phenomenon (Hoel & Salin, 2003; Zapf, 1999). For instance, Harvey, Heames, Richey, and Leonard's (2006) framework depicts the characteristics of the perpetrator, as well as the target and organizational environment, as contributing to its occurrence. It is suggested that these characteristics interact with each other to either increase or reduce the likelihood of bullying occurring (Heames & Harvey, 2006). As a result, "No single, off-the-shelf policy will suit every organization [with] a variety of elements . . . useful in developing an effective bullying policy" (Woodman & Cook, 2005, p. 10). Consequently, a range of responses to prevent and manage bullying in the workplace has been suggested, with the most common being an anti-bullying policy, training, and support (Fox & Stallworth, 2009; Hubert, 2003; McCarthy, Henderson, Sheehan, & Barker, 2002). However, little is understood as to the effectiveness of interventions designed to address workplace bullying (Saam, 2010). Commonly, approaches tend to focus around an "anti-bullying policy," which then directs the interventions designed to prevent workplace bullying and the responses for managing incidents in the workplace.

Anti-Bullying Policies

Increasingly, jurisdictions throughout the world are preparing anti-bullying legislation, with only a few currently in place—more so in Scandinavia and Europe (Duffy, 2009; Fox & Stallworth, 2009). This lack of legislation may be due to a range of factors, including the complexity of workplace bullying processes and the difficulty experienced when defining and identifying workplace bullying behaviors. This lack of legislation, however, "does not provide a legitimate basis for employers and other organization decision-makers to avoid taking responsible ethical and moral steps to establish legitimate internal anti-bullying policies and enforcement protocols" (Fox & Stallworth, 2009, p. 228). Indeed, in the absence of legislation, organizations appear to be moving to greater consideration of

anti-bullying policies, with one study into the perspectives of human resources practitioners finding substantial support for “no bullying” policies (Salin, 2008).

It is suggested that such policies should be developed in consultation with a wide range of stakeholders across the organization (Society of Professionals in Dispute Resolution, 2001; Woodman & Cook, 2005); be easily available to all within the workplace (Richards & Daley, 2003); make an “explicit commitment to a bullying-free environment”; and outline organizationally specific information about formal and informal grievance procedures (Salin, 2008, p. 223). Providing a clear message against bullying should encourage targets or witnesses of workplace bullying to speak out (Richards & Daley, 2003).

Relating to this, Woodman and Cook’s (2005) study of 512 Chartered Management Institute members in the United Kingdom found that respondents within organizations with a formal anti-bullying policy perceived their organization was effective in deterring bullying. By contrast, the number of respondents who felt their organization was effective was considerably smaller within organizations with no policy. Despite this perception of the effectiveness of an anti-bullying policy, there remains debate as to the value such a policy can actually have. For instance, Salin (2009) investigated organizational responses to workplace harassment in 205 Finnish municipalities and found no link between response strategies and the existence of an anti-harassment policy. Further research into the value of written policies is needed to clarify the true worth of a policy to reduce and manage cases of workplace bullying (Salin, 2008).

Moreover, recent research cautions against relying only on a policy to regulate a complex phenomenon like workplace bullying (Hoel & Einarsen, 2010). This is especially relevant if the policy is not explicitly supported by prevention efforts, interventions and rehabilitation processes throughout the organization, including identifiable informal and formal dispute systems for complaints (McCarthy, Henderson, Sheehan, & Barker, 2002; Vartia, Korppoo, Fallenius, & Mattila, 2003), as well as a range of training and development initiatives and support mechanisms. Indeed, without taking a holistic approach to workplace bullying, anti-bullying policies may be seen as ‘window dressing’.

Dispute Systems

Given the potential for workplace bullying to escalate and intensify (Zapf & Gross, 2001), the need for early intervention and an effective dispute/grievance system has been judged as essential (McCarthy, Henderson, Sheehan, & Barker, 2002). Dispute systems are often divided into either formal (disciplinary action) or informal measures (informal mediation between parties) (McCarthy, Henderson, Sheehan, & Barker, 2002; Richards & Daley, 2003). Due to the complexity and

often covert nature of workplace bullying, a “no-blame” approach as a first intervention is recommended (when possible) with the alleged perpetrator made aware of his or her behavior either in a performance review or if possible as the behavior is occurring (McCarthy, Henderson, Sheehan, & Barker, 2002). Additionally, a problem-solving, as opposed to a punitive approach to managing cases of workplace bullying is recommended (McCarthy, Henderson, Sheehan, & Barker, 2002). This highlights the need for skills training of supervisors, managers, and others within the workplace who will be faced with the challenge of managing often unique, complex, and difficult cases of alleged bullying.

Awareness Training

In addition to anti-bullying policies, another common suggestion to addressing workplace bullying is “training.” This can incorporate awareness raising and skills building for all within the workplace, including those who are expected to respond to cases of workplace bullying. Awareness raising that increases an employee’s understanding of workplace bullying is considered a vital first step in preventing workplace bullying and, importantly, is recommended to occur throughout the whole organization (McCarthy, Henderson, Sheehan, & Barker, 2002; Vartia, Korppoo, Fallenius, & Mattila, 2003). This type of training should outline the importance of clear objectives, roles, and processes within the workplace, as well as what constitutes workplace bullying, contributing factors, its effects, and how workplace bullying is to be managed in the workplace (McCarthy, Henderson, Sheehan, & Barker, 2002; Vartia, Korppoo, Fallenius, & Mattila, 2003).

However, there is an increasing trend by individuals to use the term “bullying” to express their distress (McCarthy, 2004) or dislike of surrounding organizational issues (Liefoghe & Davey, 2001). Indeed, the “potential for employees to project their fears and resentments into the construction of managers as bullies, whether deservedly or not, is high” (McCarthy, Henderson, Sheehan, & Barker, 2002, p. 536). Thus, awareness training needs to be delivered carefully in order to reduce any misuse of the term.

Skills Development

At another training level, McCarthy and his colleagues (2002) suggest the development of coping skills and resilience as essential to assisting targets and bystanders to handle workplace bullying incidents. Indeed, in one of the few studies into the efficacy of interpersonal skills training, it was found that training assisted targets of workplace bullying to manage the behaviors of perpetrators more effectively

(McCarthy, Sheehan, & Kearns, 1995). As workplace bullying is often described as escalating over time (Zapf & Gross, 2001), interpersonal skills training is likely to contribute to a target's or bystander's ability to cope (McCarthy, Henderson, Sheehan, & Barker, 2002). For instance, "successful" targets, within one study, coped with workplace bullying by avoiding passive strategies (such as absenteeism or drug taking) and using less active or confrontational communication strategies, which in essence de-escalated the situation (Zapf & Gross, 2001). In addition to assisting targets and bystanders to cope more effectively with bullying, it may also assist them to seek support (to be discussed later).

Furthermore, it is suggested that supervisors, managers, and others within the workplace who may be faced with managing a case of alleged bullying be provided with training (McCarthy, Henderson, Sheehan, & Barker, 2002; Richards & Daley, 2003). This need is exemplified by recent research that investigated gender issues in workplace bullying incidents (Salin, *in press*). Using vignettes involving both genders, Salin found observers made more favorable judgments toward those of the same gender. Furthermore, she found that female targets were more often labeled as provocative and as a result blamed for their behavior, despite the behaviors of both male and female targets within the vignettes having identical descriptions. Perceptual issues like these highlight the importance of the need for training in areas such as interpersonal skills and emotional intelligence. Such training can reduce the negative effects of perceptual biases. Thus, skills training for all employees is another measure often suggested that could enhance a potential target's (and bystander's) ability to cope with a case of workplace bullying. Furthermore, this training would assist others within the organization to support and manage cases of bullying when they occur.

Support Mechanisms

The provision of support appears to be an important element to reducing the negative effects of workplace bullying for targets. Formal support measures, such as those offered through employee assistance schemes (such as counseling), should be provided to all parties involved in an alleged workplace bullying case (McCarthy, Henderson, Sheehan, & Barker, 2002; Richards & Daley, 2003; Tehrani, 2003). For example, one study found that the support offered to individuals who reported being bullied was associated with lower intention to leave and higher job satisfaction (Quine, 1999). In a related study it was found that high levels of perceived organizational support (POS) could "offset the effects of workplace bullying on intention to leave" (Djurkovic, McCormack, & Casimir, 2008, p. 415). Furthermore, in an interview study of ten women who had experienced workplace bullying, Lewis and Orford (2005) found that "being heard"

and having the perception of others “believing in you” were very important to a sense of support. Conversely, questioning an individual’s account was described as unhelpful.

Moreover, it was suggested by the researchers that managers were reluctant to address workplace bullying behaviors because recognition of such behaviors was threatening both personally and organizationally, as well as challenging to the competence of management. Lewis and Orford (2005) also found that bullying behaviors that were perceived as “consistent with organizational values, practices, and roles” were likely to be condoned (p. 39). This resulted in targets feeling isolated and unable to resolve the situation, with exiting the organization often seen as the best or only option for them.

Thus, while support appears to act as a buffer against workplace bullying (Quine, 1999), lack of support reduces a target’s ability to successfully cope (Lewis & Orford, 2005; Leymann & Gustafsson, 1996; Matthiesen, Aasen, Holst, Wie, & Einarsen, 2003). As a result, training for all individuals within the workplace is an important element in reducing the negative effects of workplace bullying. With this training, colleagues, supervisors, and managers alike would be better equipped to support the different parties through such cases. These skills would complement formal measures such as internal or external counseling and other employee assistance schemes. Moreover, a proactive and positive approach to communication and problem solving is more likely to shape a culture where bullying is less likely to emerge (Ramsay, Troth, & Branch, *in press*).

However, despite the recognition that the provision of support is important in assisting targets to cope with workplace bullying (Lewis & Orford, 2005; Leymann & Gustafsson, 1996; Matthiesen, Aasen, Holst, Wie, & Einarsen, 2003), research has indicated that targets can be reluctant to seek support from the organization, perhaps due to the perception the organization is ineffective in addressing workplace bullying (Branch, 2006; Ferris, 2004; Hoel & Cooper, 2000). Davenport, Schwartz, and Elliott (1999) suggest that managers who fail to understand the concept of workplace bullying are unable to manage and address the behaviors, and so they react with a denial that inappropriate behavior occurred. Furthermore, a study into racial/ethnic bullying found that “employees who have experienced bullying have less confidence in the ability of their organizations to deal effectively with these types of incidents, particularly when the perpetrators are their supervisors” (Fox & Stallworth, 2005, p. 453). Interestingly, this seeming lack of trust in the organization was articulated only when the target was being bullied by their supervisor, as opposed to a colleague (Fox & Stallworth, 2005). The lack of trust in the organization may be a result of the manager being perceived as a representative of the organization, or that the organization will “look after” or take the side of the manager.

In addition, Ferris (2004) suggests that relatively few targets of workplace bullying actually approach their organization for assistance, due to the perception that seeking assistance from organizational representatives will not help, and in fact may make the situation worse. Similarly, Hoel and Cooper (2000) found that targets rarely sought the assistance of the human resource office. Accordingly, the authors concluded that targets do not consider seeking support from the organization as a viable option. This may be due to a lack of policies to address the behaviors or, if a policy exists, a lack of trust in the ability of policies to stop the bullying behaviors (Hoel & Cooper, 2000). Clearly, more needs to be done to increase employees' trust in organizations to address workplace bullying. It is proposed by implementing a holistic approach to dealing with workplace bullying, organizations will be better equipped to manage bullying in their workplace.

Holistic Approach to Addressing Workplace Bullying

In a recent study that sought to more specifically understand interventions used within organizations, Saam (2010) interviewed eighteen consultants who were experienced with managing workplace bullying cases and found that three types of interventions were commonly used: conflict mediation, coaching, and/or organization development. However, due to the dynamics arising from an imbalance of power present in workplace bullying, questions with regard to the suitability of mediation as a strategy have arisen (Keashly & Nowell, 2003; Saam, 2010). As a result, Saam (2010) emphasizes the value of exploring the effect of coaching (for example, coaching an abusive colleague to modify his or her communication style) and organization development in the prevention of workplace bullying, thereby supporting a holistic approach to addressing workplace bullying.

As mentioned earlier, the interplay among the characteristics of the environment, perpetrator, and target can all contribute to the occurrence and, alternatively, the reduction of workplace bullying (Harvey, Heames, Richey, & Leonard, 2006; Heames & Harvey, 2006). For instance, research shows that ineffective responses by an organization can contribute to an environment in which bullying in the workplace permeates the culture and is tacitly supported (D'Cruz & Noronha, 2010; Lewis & Rayner, 2003). Research also suggests that targets of workplace bullying will be reluctant to seek support unless they perceive the organizational processes designed to address workplace bullying as effective (Branch, 2006; Ferris, 2004; Hoel & Cooper, 2000). Thus, it can be argued that interventions that fail to consider the complexities of workplace bullying are unlikely to effectively prevent or manage bullying in the workplace.

Furthermore, while we also recognize the importance that legislation and related policies have in ultimately preventing workplace bullying, we propose

that specific training and development initiatives can contribute to the organization's ability to manage, reduce, and prevent workplace bullying and simultaneously promote a positive organizational culture. Indeed, even without legislation or policy, skills development has the potential to influence communication within the workplace in general. The training program presented below could restore the power balance indicated in the definition, increase knowledge and understanding of the phenomenon, and improve personal capacities in dealing with workplace issues.

We propose that a comprehensive training program, which is placed within a framework of restorative justice and consists of workplace bullying awareness and soft people skills, such as interpersonal and emotional intelligence skills, would assist in reducing the occurrence of workplace bullying. Furthermore, we suggest that such a program would assist employees to manage incidents of bullying in the workplace, may improve the provision of support in these cases, and aid in the seeking of support by targets.

The Personal Skills Program

It has been suggested previously in this chapter that the term “bullying” can be and has been used as a weapon against others in the workplace (Einarsen, 1999) or to voice dissatisfaction with organizational issues (Liefogge & Davey, 2001). This would indicate a need to assist employees to voice their dissatisfaction in a more functional manner and for managers to be able to hear and address the concerns of staff in an empathetic way. Thus, awareness and skills training for all staff in relation to the nature of bullying may assist in reducing the number of frivolous grievance claims and accusations. In other words, there should be a decreased misuse of the term “workplace bullying” to categorize all forms of interpersonal conflict indiscriminately. This would occur due to a better understanding of the meaning of the term, along with the skills to express concerns about organizational issues in an appropriate way, as supported by a number of researchers (see McCarthy, Henderson, Sheehan, & Barker, 2002; Richards & Daley, 2003; Vartia, Korppoo, Fallenius, & Mattila, 2003). In addition, skills training would also contribute to the ability of all within the workplace to be able to support individuals involved in a case of bullying, with supervisors and managers, in particular, developing the skills to support and manage cases of bullying.

As such, training would be one step in the management of workplace bullying (McCarthy, Henderson, Sheehan, & Barker, 2002) and may assist in the way organizational discontent and conflict in general are addressed. However, in order

to be able to change “the social norms” and develop “mechanisms that enable and reward individuals engaging in healthier, [and] more effective behavior,” a wider framework is required (Fox & Stallworth, 2009, p. 225). As a result, we propose that a framework of *restorative justice* be utilized to inform the dispute systems designed by organizations.

Used extensively in the justice system, restorative justice is a formal framework of flexible processes and practices that enables the needs of the target to be met, holds the perpetrator accountable, and provides a process for reparation and restoration (Maxwell & Hayes, 2006). It is “a process whereby parties with a stake in a specific offense collectively resolve how to deal with the aftermath of the offense and its implications for the future” (Marshall, 1999, p. 5).

Restorative practices have also been used successfully for some time in schools to help reduce and manage bullying processes. Restorative justice anti-bullying programs tend to combine community discussions, which include students, parents, and teachers developing preventative solutions to bullying as well as mediation for individual cases (Braithwaite, 2002). Studies support the strength of these programs, with one study in Norway reporting a 50 percent reduction of bullying (Olweus, 1993). Furthermore, it has been suggested that the benefits of school restorative practices can extend into the home, with children transferring conflict resolution skills they learned and developed at school to home, resulting in a reduction in conflict with siblings (Gentry & Benenson 1993). If a similar approach to addressing workplace bullying could also be included within the workplace, we suggest there is a high potential to assist employees.

In order to support the implementation of a restorative justice framework within the workplace, we argue that the development of interpersonal skills and emotions-focused skills is vital, especially given a centerpiece of the framework involves conferencing skills, which requires bringing together of different parties under complex circumstances. Thus, we propose the development of a personal skills program within organizations that would include training in workplace bullying awareness, restorative justice practices, emotional intelligence (Murray & Jordan, 2006), and interpersonal skills (Dick, 1991). These skills would assist individuals to identify when bullying occurs, to successfully cope and access organizational supports and processes, to support someone involved in a case of bullying, and most importantly, to resolve the issues.

The promotion of coping skills and resilience is suggested as essential in assisting targets to handle workplace bullying experiences (McCarthy, Henderson, Sheehan, & Barker, 2002). Recent research has found that emotions-focused training can assist in increasing the emotional intelligence skills and abilities of

individuals within organizations (Murray & Jordan, 2006). As has been found with interpersonal skills training (McCarthy, Sheehan, & Kearns, 1995) we expect that emotional intelligence training will further assist targets and bystanders to develop resilience and come to possess a deeper understanding of the escalating nature of workplace bullying.

Tehrani (2003) suggests that, during times of high stress and when a relationship is perceived as negative, small incidents (for example, not responding to someone) may be interpreted as aggressive acts. She surmised from her experience of counseling targets and perpetrators of workplace bullying that the “bully/[target] relationship” is not always clear (p. 280). Instead, she suggests that an accusation of bullying is often triggered by the individual’s responses to a series of interactions that are built up over a period of time (Tehrani, 2003). Being able to step back, reframe and manage emotions, and take the perspective needed to recognize the escalation of behaviors will be beneficial to cases of workplace bullying. Specific emotions-focused skills, such as building awareness of one’s own and others’ emotions; using reflective diaries; mind mapping to assist in perspective taking; examining the impact of emotional contagion, emotional progressions, emotional triggers and strategies for emotional repair; and building psychological and physical resiliency, will assist individuals in these areas.

In addition, we propose that interpersonal skills training will also assist in the building of a suite of skills to counter the negative effects of workplace bullying. Previous research has demonstrated the link between emotional intelligence and interpersonal skills (see Jordan, Murray, Ashkanasy, & Connors, 2005; Murray & Jordan, 2006). Examples of interpersonal skills that will be subject to training include supportive communication, conflict resolution, and goal-setting skills.

We argue that a personal skills program will help employees to consider the emotional components of their experiences, potentially avoiding the development of inaccurate inferences about others in the workplace and enabling employees to develop the skills to voice their dissatisfaction appropriately while also considering the feelings of others. Furthermore, informing staff of the organizational processes for voicing dissatisfaction, through awareness training, may assist in avoiding the use of the term “workplace bullying” for what can be an organizational issue of a different kind (Liefoghe & Davey, 2001; McCarthy, 2004; McCarthy, Henderson, Sheehan, & Barker, 2002). Overall, we propose that the program, as summarized in Table 15.1, has great potential for providing a framework for dealing with workplace bullying and ultimately contributing to the development of a more positive organizational environment.

TABLE 15.1. RESTORATIVE JUSTICE PRACTICE FRAMEWORK

Topic	Training Content	Intended Outcome
Workplace Bullying Awareness	What is workplace bullying	Increase awareness of workplace bullying
	What is not workplace bullying	Reduce the misuse of the term "bullying"
	What to do if you feel you or someone else is being bullied	Increase knowledge of organizational supports
	What if it is not bullying, but something else	Increase ability to access organizational supports
	Organizational supports available to staff	
Emotions-Focused Skills	Building awareness of own and others' emotions	Increase resiliency and ability to cope
	Reflective diaries	Increase conflict-resolution skills
	Mind mapping and perspective taking	Increase supervisors/bystanders' ability to support others
	Examining emotional contagion	Reduce inaccurate inferences
	Emotional progressions	Increase skills to voice organizational dissatisfaction appropriately
	Emotional triggers	Increase ability to access organizational support
	Strategies for emotional repair	
Interpersonal Skills	Supportive communication	Increase conflict-resolution skills
	Conflict resolution	Increase supervisors/bystanders' ability to support others
	Goal setting	Increase skills to voice organizational dissatisfaction appropriately
		Increase ability to access organizational support
Restorative Justice Practices*	What is restorative justice	
	Bringing your skills together— confereencing	Facilitate the resolution of conflict in the workplace

*Subject to organizational adoption

Implications and Conclusion

Workplace bullying and other forms of antisocial behavior have increasingly become a concern for organizations, practitioners, and researchers around the world. However, in spite of a number of interventions designed to prevent and manage workplace bullying, relatively little is known about their effectiveness. Within this chapter we have reviewed what we do know about interventions designed to reduce the occurrence of workplace bullying and assist in the management of individual cases. Common suggestions included awareness raising training, soft people skills such as interpersonal skills, and the development of an anti-bullying policy.

We also proposed a personal skills program that we intend to test using a quasi-experimental design. This research and others like it will lead the field in an area that has been largely under explored internationally. In terms of practical implications, a major benefit of researching this area is that it will provide organizations and human resource practitioners with empirical evidence outlining the interventions that may assist them in addressing bullying in their workplaces, and possibly other similar behaviors within the workplace.

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CHAPTER 16

MYTHS AND REALITIES IN HUMAN CAPITAL DEVELOPMENT

Generation Gaps in the Workplace

Scott Cody, Wendy Green, and Doug Lynch

ABSTRACT

A number of commonly held beliefs are pervasive among HR practitioners, such as generational differences in the workplace. This belief draws on current trends or long-standing ideas that have been perpetuated despite a lack of evidence of efficacy. With particular interest in the Millennial generation entering the workforce, the perception of generation gaps in learning and values has driven the decision-making process within organizations. This chapter looks at the prevalent misconceptions of generation gaps in the workplace and examines implications of misappropriating time and energy to a concept that is not supported by any empirical evidence.

Introduction

The development of human capital is a lively topic in the field of workplace learning and education. Several practitioner and academic-oriented journals are focused on answering key work-based learning questions such as: What are the best practices to ensure a robust learning environment? What existing research can inform our practice? and What factors do work-based educators need to take into consideration when developing training programs. At times, inherent in this dialogue is a tension between academics and practitioners. Academics argue work-based educational programming is often grounded in anecdotal information, whereas practitioners view academics as out of touch with the affordances and constraints situated within the workplace. Despite these differences, researchers and practitioners seek to inform each other's work through collaboration and knowledge sharing. The purpose of this chapter is to analyze the literature pertaining to generation gaps—broadly defined as people of different generational cohorts experiencing similar events in different ways—and investigate whether the assertions that are made are grounded in empirical data or anecdotal information. Based on these assertions, we will present empirical data in support of or to refute these concepts. In doing so, we will offer suggestions as to how these data should influence learning and training in the workplace.

Specifically, we will investigate the notion of a generational gap and the argument that work-based programming and management practices require alteration in order to effectively serve younger generations. For the first time in our nation's history, four distinct generations of employees are in the workplace, from the WWII-ers to the Millennials. While generations will always have their differences, we wonder whether the dissimilarities are enough to necessitate a change in management structure or educational practices. We argue these generational differences are similar to “saying that Microsoft Word has changed its font; it matters, but it does not necessarily indicate a change in substance or functionality” (Deal, Altman, & Rogelberg, 2010, p. 192). However, the notion of strict generational differences has been popularized both in the media and in journals.

There are a number of benefits in understanding how this myth of a generational divide is implemented in the workplace, particularly considering the repercussions of those decisions. When thinking about a company as a learning organization, the chief learning officer (CLO) should be considered the lead management strategist in human capital development. However, if the CLO is considered an “expert” but doesn't fully understand the discipline, he or she risks not only leading the organization in the wrong direction, but undermining his or her own expertise. Clearly, any decision made at that level must be informed with

the best evidence available, allowing for the CLO to set the appropriate strategies in place. If those strategies are based on myths, that places the organization at risk of failure. For instance, as we will see in the next section, decision making based on generational differences in the workplace can unintentionally separate employees and hinder learning.

Generation Gaps

Several conditions have resulted in population changes to the workforce. One of the most significant changes is the number of Americans who are over the age of fifty-five and who are electing to remain in the workforce for longer periods of time. The unemployment rate in the United States remains at 9.6 percent (Bureau of Labor Statistics, 2010). Older workers (those over fifty-five) who became unemployed during this past recession may have experienced a significant diminishment in savings, retirement, and accumulated wealth. As a result, they find themselves working longer than prior generations did. The U.S. Bureau of Labor and Statistics reports that, in 1993, approximately 29 percent of the workforce was over the age of fifty-five. In 2010, it had increased to 40 percent.

When we combine an older workforce with new entrants, we see an increasing gap in the age differences and wonder whether there are significant differences in how these groups understand the workplace and each other. When we factor in technological changes that have occurred throughout the past two decades, we discover a dialogue of difference has emerged (Kalantzis, 2005). This popular dialogue suggests the differences between the generations are significant, requiring new organizational strategies for learning and management.

Defining a Generation

Based on Karl Mannheim's sociological research on generations, the term "generation" can be defined as "a group of people of the same age in a similar social location experiencing similar social events" (Sessa, Kabacoff, Deal, & Brown, 2007, p. 49). Whether the events are wars, national icons like President John F. Kennedy, or national tragedies like September 11th, members of the same generation have that shared experience. Although people within the same generation may perceive events with various personal lenses (through race, class, faith, or gender, for example), they still experience the same events through history, shaping their perspective and defining the characteristics about them. Within the demarcation of these events, generational cohorts have been defined.

For the purpose of this paper, we will subscribe to Sessa, Kabacoff, Deal, & Brown's (2007) characterization and definition of generational cohorts. We do acknowledge, as do Smola and Sutton (2002), that these delineations are not smooth and easily codified, and there are inherent problems to grouping in this manner. All birth years are approximate because the span can reach up to five years prior and five years after. For instance, the WWII-ers, born approximately between 1909 and 1933, have wielded much clout through their lifetimes, which is still seen in the country today. Labeled as the "greatest generation" in the national media (Brokaw, 1998), their outlook was heavily shaped by the Great Depression and the presidency of Franklin D. Roosevelt. Following the WWII-ers, the Swingers or Silents were born approximately between 1934 and 1945. This particular cohort is powerfully represented in the country today, from business leaders on Wall Street to members of the nation's government. They are characterized as practical, hard-working, loyal, and respectful of authority (Patterson, 2005). The Baby Boomers, born approximately between 1946 and 1964, came to age during the Vietnam War, the civil rights movement, and the assassinations of Dr. Martin Luther King, Jr., and the Kennedy brothers. They also experienced Watergate and the resulting resignation of a sitting president. Based on these events, this cohort can be described as optimistic and ambitious, believing in consensus-building to effect change.

Born approximately between 1965 and 1982, Generation X (Gen-X) experienced the birth of MTV, the AIDS epidemic, and the fall of communism. Technically competent, these members prefer their personal lives to their work lives and have a need for immediacy, as experienced in video games and personal computers. Finally, the Millennials are the generation just being recognized, born beginning approximately in 1982. Without a defined cut-off date for this cohort, they are living through the most racially diverse and technologically driven time in the country's history. In their time, they have already experienced multiple wars with Iraq and terrorist attacks on American soil (Oklahoma City and 9/11). According to Deal, Altman, and Rogelberg (2010), this generation is expected to be the most civically engaged generation since the Baby Boomers.

The Perception of a Generation Gap

Clearly, there are differences between generations, as noted above. With every generation, there is the inherent tendency to criticize the subsequent generations. However, in human capital development discussions, these differences are assumed to drive the values and work ethic of employees within and between individual generational cohorts. Specifically, there is an ongoing debate about

whether the differences in perspectives of the incoming Millennials—versus the Baby Boomers and beyond—are significant enough to cause disruption in the workplace. One argument put forth describes a significant values gap between the Boomers, who currently hold management and executive positions, and the Gen-Xers as well as the Millennials, thus creating dissonance within the workplace (Smola & Sutton, 2002). In the following section, we will address popular assumptions found in both the mainstream media and in the business community.

Business magazines are wrought with presuppositions when it comes to the perceived “generation gap.” A recent feature in *Women in Business*, the publication of the American Business Women’s Association addresses this problem, explaining, “Think of how generational differences, relative to how people communicate, might affect misunderstandings, high employee turnover, difficulty in attracting employees, and gaining employee commitment” (Elmore, 2010, p. 9). Compare this to a comment only months earlier by the director of talent management for Waste Management, Inc., in *Profiles in Diversity Journal*, where Houser (2010, p. 55) writes: “Think how generational differences might create misunderstandings, high employee turnover, and difficulty in attracting employees, and gaining employee commitment.” These identical assumptions provide no empirical evidence to suggest that these communication gaps exist, only offer what might be happening somewhere. In fact, Houser continues to sound the alarm when she writes, “The potential for collision, conflict, and confusion between the generations has never been greater” (p. 55). This is disputed by Bennett, Maton, and Kervin (2008), who argue that many of these statements are based on anecdotal information, not empirical research.

The way generations present themselves in the workplace has been portrayed as problematic in the business media. In 2008, *HR Magazine*, the official publication of the Society for Human Resource Management, noted all the ways Millennials are unaware of proper etiquette or dress in the workplace. The piece addresses areas in which Millennials need more training before they enter the workforce: how to dress professionally, appropriate phone and technology etiquette, how to accept and give criticism without being caustic, how to write professionally, and how to think critically. Frequently, criticism is pointed at how each of these deficits in Millennials may affect the overall performance of a company, so training is necessary in each of these areas. Further, the training to address these areas for Millennials should be done in person to set the environment, not online; yet technology should be incorporated (Tyler, 2008). In particular, the technology chasm is a point of contention leveled against older generations, with the expectation that technology widens the divide between generations of workers.

Orientation to Technology

As we have seen, many assumptions are made about the differences between generations in the workplace. While generations view technology differently and approach technological training tools with varied degrees of competency, this does not mean technology is more or less appropriate to use with one generation or another.

With increasing technological advances, much attention has been given to how these changes effect different generations. Technology has, in many ways, innovated learning. It has allowed for increased social interaction and learning across geographical space (Brown & Adler, 2008); it has resulted in higher levels of interactivity across distributed networks (Tapscott, 1999). Technological advances have allowed for just-in-time training, the development of virtual communities of practice where knowledge is built and stored in ways that were not possible in the past (Brown, 2002).

Scholars have argued that Millennials are more technologically oriented than generations that have come before them (see Bennett, Maton, & Kervin, 2008). The Millennials, also known as “Digital Natives” or the “Net Gen” because of their technical focus, are viewed as a generation that relies on social networking sites and text messaging to work more efficiently. These technologies enable Millennials, and to a lesser extent, Gen-Xers to interact more broadly, in ways that were not possible for the Baby Boomers. Researchers, as well as the common press have argued that Gen-Xers’ familiarity and subsequent reliance on technology have changed learning styles as well as preferences (Bennett, Maton, & Kervin, 2008). For example, these authors argue that Millennials “are held to be active experiential learners, proficient in multi-tasking, and dependent on communications technologies for accessing information and for interacting with others” (p. 776).

As technology has become more prevalent in the workplace, one can argue that the Baby Boomers and older generations feel threatened due to the technological savvy of the Gen-Xers and Millennials (Elmore, 2010). However, this argument is not supported by empirical research. Bennett, Maton, and Kervin found that Millennials do not use technology in significantly different ways than prior generations did. In fact, Millennials most frequently use cell phones and personal computers, with much of the activity relegated to email, word processing, and searching the Internet (p. 778). In addition, studies have shown that technology use is not uniform across the generation. As Bennett and his colleagues argue, the problem with assuming there are similarities across the generation results in a failure to recognize “that there is as much variation within the digital native generation as between the generations” (p. 779).

A second area of exploration is the variance of learning styles. An oft-cited argument is that Millennials are more capable of multi-tasking and must be engaged in meaningful as well as interactive ways to maximize their learning (Brown, 2002). This has not been proven through research, but continues to be reflected in discussions. Again, a lack of solid evidence may lead to a failure to acknowledge different work styles and habits within the generation (Bennett, Maton, & Kervin, 2008). One area of research illustrates a non-critical use of Internet information and suggests that the Millennials may require education in this area (Lorenzo & Dziuban, 2006). With the advancement of personal blogs and sites like Wikipedia, distinguishing between information presented as opinion versus research-based web sources may be appropriate.

In examining the influence of technology on learning, an alternative framework focuses less on generational differences than on how technology has affected learning styles. In this research, technology is examined from a perspective of how it influences learning across generations as opposed to within generations. Dede (2005) characterizes these learning styles as neo-Millennial, meaning individuals' learning styles have been altered due to technological advances and experiences, regardless of age or generation. Methods of communication and personal interactions have been inexorably altered, and as Dede argues, are more distributed. Dede further states that within neo-Millennial learning styles, individuals show "fluency in multi-media" and prefer learning that is co-designed and collective in nature, as well as experientially oriented (p. 15). These learning preferences are seen across generations, not just for the technologically driven Millennials.

In understanding the benefits of technology for learning among all generations in the workplace, the perceived generation gap tends to disappear. In the same way, the value placed on work between generations is not as chasmal as identified in many of the business media outlets we see every day.

The Value of Work

Much attention has been given to the way different generations perceive work as part of life. Both men and women are spending more time at home recently, with Gen-X men spending more time with their children than any generation preceding them (Families and Work Institute, 2005). From industry to industry, the results seem to be the same: younger generations recognize the opportunity to move from company to company, so they aren't as willing to commit to 70+ hour work weeks (Bendix, 2009; Kadlec, 2007; Williams, 2007). The legal industry in Oregon uncovered similar findings in a recent study, initiated by firms' concerns with the perception of a generation gap. In that study, one finding by

the Multnomah Bar Association (2007) revealed that younger lawyers want “more flexibility to work hours that better accommodate a family life.” Across the board, the message seems to be that Gen-Xers, and most likely Millennials as well, are not as willing to put in more hours and contribute to growth of a company as past generations were, since this would allow less time to be spent at home with the family (Smola & Sutton, 2002). However, one cannot entirely discount the effect of the organization’s commitment to workers in this shift. Organizations have also been instrumental in changing the loyalties of employees as they have implemented mass layoffs over the past years.

Many authors offer suggestions about how to change the workplace to address the generational differences. One thread that runs through these suggests modifying how each generation is addressed within the organization. With the diversity of multiple generations in the same workplace, it becomes necessary to adopt multiple management techniques to overcome the variations (Elmore, 2010). Of those multiple management techniques, some of the most prevalent are to train each generation differently, such as utilizing technology-driven training for Millennials, while establishing other modes of communicating with other generations (Houser, 2010).

Some authors even argue there should be more training on strategies for educating different generations (Scofidio, 2007). However, as we will cover throughout the next section, segregating the generations in this way can do more harm than good.

Uncovering the Reality

As previously mentioned, there is little empirical evidence to back arguments made in favor of generational gaps in the workplace, whether in the value placed upon work, the usefulness of technology, or favoring one learning style over another (Macky, Gardner, & Forsyth, 2008). Yet, one statistic appears more often than any other. A number of articles cite the same Pew Research study conducted in 2009, finding that 79 percent of respondents believed there *was* a generational gap (Taylor, Morin, Parker, Cohn, & Wang, 2009a). However, in follow-up research, the Pew Research Center found that only a quarter of respondents (26 percent) believed there was any generational conflict because of that gap. In fact, more people believed other social conflicts were more common today, including between immigrant versus native born (55 percent), between perceived wealth (47 percent), or along racial lines (39 percent).

Additionally, the more recent survey found that, while 79 percent of respondents do cite a gap between generations, the two largest areas of that gap are found in “the way they use technology and computers” and “the music they like”

(Taylor, Morin, Parker, Cohn, & Wang, 2009b). The responses to those two items expressed significant gaps, or “canyons” as the Pew Research Center described them. However, when it comes to how these distinctions play out in the workplace, very little evidence exists. In fact, the *Journal of Business and Psychology* (Kowske, Rasch, & Wiley, 2010; Twenge, 2010) devoted an entire issue to the perceived generation gap partly because there has been a dearth of empirical evidence and academic research to inform the public perception of generations, particularly Millennials.

Most research examining the effects of generational cohorts in the workplace has not differentiated between generational effects and age and period effects (Kowske, Rasch, & Wiley, 2010). Similarly, while some studies exist that focus on the perception of one generation, very few studies compare their results to other generations, making it difficult—if at all possible—to determine what distinctions exist (Sessa, Kabacoff, Deal, & Brown, 2007). Any contrast in behaviors is actually more maturational or linear in nature than related to a generational cohort. When measuring a set of individuals at one point in time, it becomes difficult to “disentangle the generational cohort differences from the maturational differences” (Sessa, Kabacoff, Deal, & Brown, 2007, p. 71). Further, since these differences seem to be more linear than categorical, the idea of separate generations may need to be reconsidered entirely. Changes in the fabric of society occur gradually over a number of years, and each generation is a part of those changes (Twenge, 2010). For instance, there is a growing body of research showing that over the past forty years, previous generations have repeatedly regarded younger generations as using too much slang, having poor communication skills, and being difficult in the workplace (Deal, Altman, & Rogelberg, 2010).

While there is variation between generations, those differences are not as large as they are made out to be in the mainstream media. For instance, all generations value honesty in their leaders, knowledge about the organization’s core activities, listening, and helping others. The value of honesty in the workplace is also important to all groups, albeit slightly less so for Millennials (Sessa, Kabacoff, Deal, & Brown, 2007). Additionally, OfficeTeam (2006) found that 84 percent of respondents were comfortable reporting to a manager who is younger than they are. They found that 89 percent of respondents said they would be comfortable managing a worker who is older than they are. Further, compared with other generations, there are no significant, comprehensive distinctions in how Millennials value work (with the exception of slightly higher job satisfaction) or the work environment (Deal, Altman, & Rogelberg, 2010; Manhertz, 2009).

Millennials work nearly as many hours as Gen-Xers and Baby Boomers, including their work patterns during high school. Any discrepancy that exists in the number of hours worked between generations can be attributed to the position

in the organization. That is, the number of hours worked may be higher for a person higher in the organization. Since upper management is typically older, this usually accounts for the higher number of hours worked for older generations (Deal, Altman, & Rogelberg, 2010). While work is not as central to younger people today as it was for older generations, most employees are working more hours than they did twenty years ago (Families and Work Institute, 2005). Deal, Altman, and Rogelberg (2010) conclude from this data that “perhaps it is that people are less willing to accept positions of greater responsibility because they already believe that they are working too many hours and they do not want to work even more” (p. 195).

With technology enabling employees to work from almost anywhere in the world, employees tend to feel that they are never “off the clock” (Deal, Altman, & Rogelberg, 2010). In fact, while it may seem to older generations that Gen-Xers and Millennials are not spending as many hours in the office, many are working at home to be able to spend time with family. However, this also makes these same generations feel a separation between work life and family life, since work easily encroaches into the home.

In comparison with Baby Boomers, Gen-Xers have been found to believe that work does not define them as much as other aspects of their lives, although they do feel that working hard does contribute to one’s self-worth (Sessa, Kabacoff, Deal, & Brown, 2007). Deal and his colleagues (2010) explain that the focus of life outside of work isn’t as much about generations as it is about the stage of life for an individual. Those employees with small children at home, regardless of the generation they fall into, are more likely to be focused on family life than work life: “From a practical perspective, what that means is that someone who is twenty-four and someone who is forty-four who each has a young child are likely to have more similar needs for work-life balance than they are with age-peers who do not have young children. In this scenario, the issue is not a generational one. Rather, it’s a ‘life stage issue’” (p. 196). Companies that focus more on these “life stage” issues instead of generational issues are more likely to have a productive workforce.

Some of the same issues that place organizations at risk of losing younger employees could also place them at risk for losing older employees. Instead of differentiating training between generations, organizations should find ways to incorporate contributions of various generations (Sessa, Kabacoff, Deal, & Brown, 2007). Essentially, instead of focusing on deficiencies within particular generations, there should be a focus on what unique strengths employees bring to the table to support an organization. For example, in the medical field, generational differences are not perceived as a gap. In fact, doctors of older generations capitalize on what the younger doctors know, not only about best practices in

medicine, but particularly when it comes to maintaining electronic patient records (Bendix, 2009).

Little evidence exists to support the claim for treating employees differently based on their generation. In fact, there is virtually no evidence that this would improve relationships among employees. Instead of chasing generational differences, Deal and his colleagues (2010) suggest finding ways to be inclusive to all employees, across all generations. In fact, Manhertz's (2009) findings reflect this, as employees of multiple generations are actually quite united around particular concepts, such as valuing respect above all else in the workplace and placing particular emphasis on financial stability.

Taking all this information into consideration as we discuss human capital development, we find that generational gaps are frequently too strong a factor in the decision-making process. In recognizing that employees from different generational cohorts have more in common than they do differences in the workplace, management can focus more of their decisions about the work and less on these generational aspects, saving them time and money in the long run.

Conclusion

In this chapter, we discussed the differences between generations, while asserting that those differences have been portrayed as problematic through anecdotal evidence. Although there are a variety of work styles and habits within various generations, including the use of technological advances by the Millennials, the focus should be less about generational differences and more on how technology has affected learning styles across generations. In terms of values, there is very little empirical research to show consequential differences in the workplace between generations. This leads us to agree with those researchers, such as Kowske, Rasch, and Wiley (2010), who note there is little differentiation in the workplace between generational effects and period and age effects. With that in mind, little evidence exists to support the claim of treating employees differently based on their generation. If any demarcation must occur based on workplace learning and cohorts, the foundation should be on the "life stage" cohort versus generational cohort. Pairing or grouping particular employees who are experiencing a similar event, from having a baby to buying a first home, may provide similar attributes.

In a general sense, our understanding of how the world works clearly affects the work we do and the decisions we make. If leaders believe there are generational gaps in the workplace or that Millennials do not value work, it has a direct effect on the decisions made in human capital development. However, in recognizing that these concepts are merely myths, that they have no empirical evidence

to support them, management leaders are free to focus more of their energy and time on concepts that have proven to be effective. Time would be better spent considering employee needs based on life stages, placement on a career trajectory, or simple maturity than policies that are generationally specific.

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CHAPTER 17

LOST WISDOM, LOST ROI

Causes, Consequences, and Strategies to Mitigate Failed Global Mobility Programs

Edwina R. Haring

ABSTRACT

Mismanaged global mobility programs, unknown costs, and repatriate retention failure affects organizations and assignees in multiple and costly ways. Organizations lose intellectual assets necessary to global competitive advantage when the employee knowledge and talent acquired in expatriation is not utilized in repatriation. Repatriates question their self-worth and experience dissatisfaction and anxiety when the opportunity to share their cultural business knowledge is hindered.

This chapter proposes that the source of failed repatriation is the dissimilar contexts of the international assignment held by repatriates and their organizations. Factors contributing to the failed repatriation, consequences of these policies, and actions as well as strategies to mitigate failed repatriation are addressed.

Introduction

Repatriation is a complex issue comingling global strategic business objectives, expatriate assignment goals and costs, and the cultural identity changes in repatriates.

Global mobility efforts in our organizations administer and coordinate international assignments that involve multiple stakeholders and multiple business units to ensure tax compliance, negotiate pay and perks, arrange logistics, and provide ongoing support to expatriates while on assignment. Expatriates, in this chapter, refers to corporate employees who relocate to a foreign country (host) while on a business-sponsored assignment to accomplish some designated business development goal; the company that sends them bears the cost of relocation. Repatriates are the employees referred to above as expatriates, who have returned to live and work in their resident (home) country. Sometimes, expatriate business goals are clearly delineated; however, that is not the situation for most repatriates.

Unspecified repatriation goals are one issue, among many explored in this paper, that contributes to the repatriation difficulties often experienced by both repatriates and their organizations. When these difficulties escalate to situations such as longer-term underutilization of cultural business acumen, termination of employment due to frustration and unmet expectations, and/or premature assignment termination, it is referred to collectively as failed repatriation.

As a consequence of mismanaged global mobility programs, failed repatriation impacts organizations and assignees in multiple and costly ways. Organizations lose intellectual assets important to global competitive advantage when the employee talent developed in expatriation is not utilized in repatriation (lost wisdom). Repatriates lose self-worth and experience distress, dissatisfaction, and anxiety when the opportunity to share their cultural business knowledge is thwarted.

How is it that, in 2011, failed repatriation is still a nagging issue in global mobility efforts? How can we capture and utilize highly marketable repatriate cultural business knowledge and practices? What information do international human resource (IHR) professionals need to remedy the situation? IHR professionals, key strategic partners in the growth of international business, are in the best organizational position to stop the brain drain and negative return on investment (ROI) much too common in repatriation; they manage global mobility programs in our organizations.

This chapter proposes that, at the crux of the problem, repatriates and organizations hold dissimilar contexts of the international assignment. These divergent mental models (dissimilar contexts) instigate communications, behaviors, and programs peppered with misconceptions, unfulfilled needs, and unmet support

that contribute to failed repatriation. However, there is no one party to blame. Business practices, derived from discipline-bounded academic research, coupled with organizational failure to adequately assess the real costs of international assignments, fuel lost wisdom and lost ROI.

Studies on expatriation/repatriation are abundant in the organizational-business disciplines of academic research. These studies, however, provide a limited perspective. Often overlooked is the personal identity change experienced by expatriates on these cultural journeys: expatriates are cognitive, cultural, and social beings. Regardless of their pre-assignment expectations, they soon discover that the post is not just another work assignment—it is a personal, identity-altering life experience! Therefore, the cultural psychology literature is also examined here as it contributes to our understanding of the repatriate experience, albeit a far smaller and weaker voice in organization global mobility discussions.

Three challenges in global mobility research inform this essay: (1) the lack of interdisciplinary research from multiple informative academic disciplines, (2) research heavily weighted toward expatriation rather than repatriation, and (3) little quantifiable organizational data on global mobility ROI. Repatriation and its common difficulties are more informative when interdisciplinary research and business practices are treated comprehensively.

Situations that describe failed repatriation and its consequences to organizations and repatriates are discussed next. That discussion is followed by the organization context of international assignments and, then, the repatriate context. Last I'll offer some solutions to alleviate the challenges produced by the dissimilar contexts.

Failed Repatriation

What is failed repatriation? Although a review of the literature produces little clarity and definitional agreement on failed repatriation, there is situational and circumstantial evidence to describe and define it. In general, premature assignment termination, underutilization of repatriate cultural business acumen, and failure to retain repatriates are three main topics in failed repatriation discussions.

Premature assignment termination can result from a variety of circumstances. There is evidence to suggest it may be the result of (1) resistance to the assignment, (2) psychological withdrawal (Black, Gregersen, & Mendenhall, 1992a; Shaffer & Harrison, 1998), (3) ineffective work performance (Black & Gregersen, 1991b), (4) unhappiness with work conditions or inaccurate expectations (Black, Mendenhall, & Oddou, 1991), (5) family adjustment issues (Arthur &

Bennett, 1995; Birdseye & Hill, 1995; Punnett, 1997; Riusala & Suutari, 2000), or (6) failure to adjust culturally (Arthur & Bennett, 1995; Black, 1990).

Failed repatriation also occurs upon return home, as misunderstandings about the reentry process are common. Organizations and repatriates alike presume, “You are coming home, so what’s the problem?” Repatriates, dissatisfied with the organization’s reentry plan to capitalize on their cultural business knowledge and experience, leave their organizations, taking their marketable international business skills, network relationships, and cross-cultural knowledge. Tung (1998a) notes that over 50 percent of the repatriates she studied “were not guaranteed a job at home upon successful completion of the international assignment” (p. 3). Expatriate skills are highly marketable assets in the international business community; therefore, expatriates may find greater career satisfaction with the organization’s competition (Tung, 1998b). Another failure to retain repatriates is due to involuntary unemployment at reentry or while in-country (Allen & Alvarez, 1998; Haring, 2006; Oddou, 1991). Employment termination occurs simultaneous to repatriate adjustment difficulties and stress.

Underutilization of cultural business acumen typically refers to underemployment (Allen & Alvarez, 1998; Osland, 1995) or ornamental jobs (Haring, 2006). These placeholder positions are characterized by a lack of meaningfulness and appropriateness to the repatriate’s enhanced global professional skills. Additionally, underemployment also occurs when repatriates are passed over for promotions they might have received had they not gone on assignment. Repatriates, however, also instigate underutilization as a coping mechanism after repeated attempts to integrate their cultural knowledge into business discussions are met with organization and peer resistance; they often experience little reception to their expatriate learnings in the home office (Antal, 2001; Haring, 2006).

A detrimental outcome of repatriate failure is the significant number who leave their organizations—before organizations can realize a return on investment. According to the Brookfield Global Relocation Trends 2010 Survey Report, 17 percent leave their firms during the assignment, 38 percent within one year of returning, 23 percent between one and two years of repatriation, and another 22 percent after two years. Folks, they are not leaving because they are happy and feel well-received! Repatriates leave due to dissatisfaction with the organization’s repatriation process. This is a substantial intellectual asset loss to organizations (lost wisdom). When coupled with the exceptional costs typical of expatriate assignments (Black, 1992), unrecovered organizational costs compound, resulting in greatly reduced or negative ROI.

Another adverse effect of failed repatriation, inferred from watchful potential expatriates, is the career destabilization perception of these assignments. Studies suggest potential expatriates may refuse international assignments based on their

observation of insufficient organizational support and repatriate mismanagement (Riusala & Suutari, 2000; Selmer, 1999; Stroh, Gregersen, & Black, 1998; Suutari & Brewster, 2002). Whenever business does not maximize talent in their organizations, loss occurs. For organizations intent on furthering their global initiatives, quality management of international talent can determine their success (Dowling, 1999; Hiltrop, 1999).

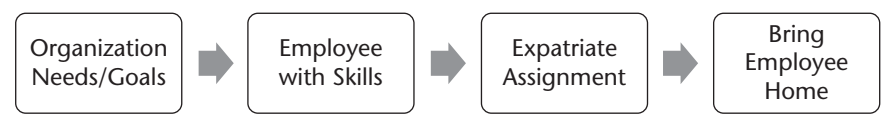
Repatriation is a complex experience; the avenues to failed repatriation are also varied and complex. This complexity derives from the dissimilar contexts of the international assignment held by organizations and repatriates. Examining each of these contexts independently will highlight the disparities that contribute to lost wisdom and lost ROI. Academic research and business practices inform the discussion next on the organization context.

Organization Context

The linearity of the organizational process in international assignments as well as its exclusive focus on expatriation is depicted in Figure 17.1. The process begins with recognition and articulation of a defined organizational need for some skill set or goal that can be satisfied by leveraging employee talent in an expatriate assignment. Upon completion of the expatriation assignment, the organization brings the employee home.

In the organizational context, international assignments are leveraged to achieve strategic global business goals, such as increasing competitive advantage (Kedia & Mukherji, 1999), maximizing efficiency and productivity, reducing production or delivery costs and increasing brand recognition worldwide (Bolchover, 2010; Engle, Mendenhall, Powers, & Stedham, 2001; Gregersen, Morrison, & Black, 1998; Kedia & Mukherji, 1999). Typically, expatriate assignments support global business objectives to fill a skills gap, facilitate entry into new markets, build management expertise, create key business and government relationships, and/or transfer corporate culture, practices, and technology (Brookfield Global Relocation Services, 2010; GMAC Global Relocation Services & National

FIGURE 17.1. ORGANIZATION CONTEXT



Foreign Trade Council, 2008; GMAC Global Relocation Services, National Foreign Trade Council, & SHRM Global Forum, 2003). By contrast, repatriation objectives are rarely, if ever, defined. The organizational perspective is tactical, narrowly defined on expatriation, and short-sighted.

There may be several reasons why the organization's focus is almost exclusively on expatriation at the expense of repatriates. One idea may be that organizations are less adept at strategic level planning to capture expatriate wisdom than they are at satisfying immediate organizational needs. Another possible explanation is that organizations do not yet see the value of knowledge management or maximizing the potential of their talent knowledge base. Furthermore, academic research emphasis on expatriation rather than repatriation may unduly sway organizational thinking.

There is substantial research and organizational effort on expatriate selection criteria (Baliga & Baker, 1985; Mendenhall, Dunbar, & Oddou, 1987; Porter & Tansky, 1999) and pre-departure training (Black & Mendenhall, 1990; Eisenberger, Huntington, Hutchinson, & Sowa, 1986; Mendenhall, Dunbar, & Oddou, 1987; Mendenhall & Stahl, 2000), as well as on ideal personality characteristics for successful expatriation (Black, 1990; Caligiuri, 2000a, 2000b). Moreover, expatriate adjustment research fills volumes of international business and academic journals (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005; Black, Gregersen, & Mendenhall, 1992b; Black & Mendenhall, 1991; Guzzo, Noonan, & Elron, 1994; Shaffer & Harrison, 1998). This mainly refers to the psychological and cultural adjustments expatriates make on assignment, but also refers to the adjustments anticipated prior to the return home (Black, Gregersen, & Mendenhall, 1992b; Storti, 2001) and repatriate home country adjustments (Black, Gregersen, & Mendenhall, 1992a; Black & Mendenhall, 1991; Black, Mendenhall, & Oddou, 1991; Gregersen & Black, 1990). The disproportionate emphasis on expatriate adjustment adds to the organizational context focused almost exclusively on expatriation to the detriment of repatriates.

Organization context may place greater importance on expatriation because there are significantly more visible costs associated with the assignment than with repatriation. Organizations may suffer a condition similar to compassion fatigue, whereby they have absorbed noteworthy expense and provided considerable psychological and adjustment support during expatriation to the extent that they are "exhausted" at repatriation. Planning visits, relocation, per diems, pre-departure training, children's school tuition, taxes, assignment premiums, and hazard pay are typical organization expenses (Tung, 1998a, 1998b). Estimated costs range from three to five times the expatriate home country salary (Black, Gregersen, & Mendenhall, 1992a; Brookfield Global Relocation Services, 2010; Jones, 2000; Kraimer, Wayne, & Jaworski, 2001; Levine, 2001; Mervosh & McClenahan, 1997;

The Forum for Expatriate Management, 2009). The organization must bear intangible costs as well. These costs include (1) training home office employees to manage job tasks of the expatriate while he or she is on assignment, (2) lower productivity as expatriates acclimate to their new roles, and (3) the “situation where the expatriate is not performing at peak efficiency because he/she is operating under a lot of stress and strains” (Tung, 1998b, p. 1).

Ironically, employers choose their most independent, competent employees for international projects because they have the autonomy, capacity, and entrepreneurial skills needed to be successful in expatriate assignments. This, however, does not preclude organizations from failing to capitalize on those skills in repatriation. International business loses the very skills it covets; repatriates experience frustration, stress, and career ambivalence.

To summarize, the skewed organizational focus consigns repatriation to simple logistics: move the expats home. This ignores assignee potential to transfer knowledge in repatriation as well as gain knowledge in expatriation. Despite the exceptional costs, the organizational context of international assignments persists primarily as a skill deployment activity rather than a knowledge and skill exchange opportunity. This perspective is especially disturbing given the increasingly competitive global marketplace. Organizations do not maximize the investment potential of international assignments because they fail to capture and utilize expatriate cultural business knowledge upon repatriation. How many other investments in an organization can enjoy half the potential ROI without consequences?

Repatriate Context

For repatriates, the divergence of international assignment contexts begins at expatriate assignment acceptance; however, like organizations, they are usually unaware of the discrepancy. Willing expatriates view the international assignment very differently than their organizations do. They regard the assignment as a keen opportunity to do something extraordinary for their organizations and expect to bring their unique cultural understandings and business acumen home to an eager and receptive organizational audience.

Expatriates accept the assignment to (1) gain international experience, (2) advance their careers, (3) engage in an interesting work challenge, and (4) increase their professional skills base (Cendant Mobility, SHRM Global Forum, & Willamette University, 2004). They anticipate repatriation organizational rewards (meaningful position, opportunity to share their learning, ability to mentor future expats) when they accept the assignment; the timing of their context

FIGURE 17.2. REPATRIATE CONTEXT



trajectory is crucial to understanding repatriate context. Rewards are expected, even when explicit career promises are not offered. Repatriates have a strategic, comprehensive, and long-term context of the international assignment.

Because their context is long-term, expatriates expend considerable energy on a daily basis in expatriation learning to navigate unfamiliar cultural terrain in order to be effective and excel in their assignments. Their survival and productivity depend on rapid learning of new skills and cultural practices to execute their personal and professional goals. They gain valuable cultural business knowledge, global awareness, and host country life-negotiation skills. The network connections and government contacts they develop are indispensable to organizational global business success. Expatriates also develop cultural transition survival skills of adaptability and flexibility and increase their repertoire of professional skills (Cendant Mobility . . . , 2004). They learn the nuances of business relationship management, business ethics, business transaction methods, meeting norms, and

cultural mannerisms. These well-integrated cultural behaviors create wisdom. Their cultural learning is immense and intense because they are immersed in the host culture.

Cultural immersion is a personal transformational experience (Osland, 1995, 2000; Storti, 2001; Sussman, 2001) with affective, cognitive, and social repercussions. For many assignees, their sense of cultural identity reveals itself for the first time (Haring, 2006; Sussman, 2000, 2001; Triandis & Suh, 2002). In repatriation, assignees often find their heightened sense of cultural identity forces them to acknowledge changes in themselves and their outlook that have slowly developed during their posting (Osland, 1995; Smith, 1998; Triandis, 1989). Upon repatriation, assignees often initially perceive everyone else has changed in their absence; although with time, they realize it is they who are changed. This perception is well-illustrated by two repatriates' remarks:

“People you had been around for thirty to forty years that you wouldn't think you have to adapt to, but now you have to, because it's not them that changed, it's you that changed. You don't really know that when you come back (to visit) for a week or two, it doesn't come out, or it may come out a little bit and you laugh about it. But the real seismic change is in your view of life. It doesn't really come out in that little bit of time (on visits); it comes out much more when you finally do move back and you're here day to day.” (Haring, 2006)

“[In] conversations, you start realizing, wow, we've got a whole different, very different perspective now. Now I have to stop and say, 'Wait a minute, I'm the one who's changed, you guys haven't changed at all.' I start saying (something) and then I realize, it's my perspective that's really changed and, you know, you get to these points in these conversations with the people that you have been best friends with your whole life, and you're kind of struck, who am I talking with?” (Haring, 2006)

Repatriates experience life differently, process information with a cultural perspective, and often experience others—especially their organizations—as narrow-minded (Haring, 2006). This is deeply internalized cultural identity change (Sussman, 2000, 2001; Triandis & Suh, 2002).

Unfortunately, assignees are generally dissatisfied, to varying degrees, with their repatriation experience. One of the chief concerns expressed by repatriates is that their specialized cultural experience and knowledge do not compel organizations to acknowledge, let alone capture or use, this knowledge. As mentioned previously, the discounted feeling drives a significant number to leave their organizations—at a substantial cost to organizations. Repatriates view repatriation as

an intimate element of the international assignment; this stands in contrast to the organizational focus that is primarily on expatriation.

When repatriates bump up against the organization's contextualization of the international assignment, poor job performance, dissatisfaction, stress, anxiety, and decreased self-worth can result. Comparable to organizations, repatriates often share a lack of awareness of the dissimilar contexts upon initial expatriate assignment acceptance (Haring, 2006). Several clues, however, are evident. Exposing situations in which organization and repatriate context dissimilarities are visible is explored next, followed by recommendations to alleviate the difficulty these divergent frameworks produce.

Strategies to Mitigate Dissimilar Context Consequences

Leveraging repatriate knowledge can maximize the assignment business investment through global business development (Oddou, Osland, & Blakeney, 2009), increased innovation (Subramaniam & Venkatraman, 2001) and amplified organizational financial performance (Carpenter, Sanders, & Gregersen, 2001). However, repatriates and organizations are often unaware of the other's context of the international assignment. The organizational context is the expatriate assignment and, afterward, moving the expats home. It is a tactical, short-term context. This is evidenced by greater financial and training investment in expatriation than in repatriation and business goals that are typically articulated solely for expatriation. The repatriate context, at the time of assignment acceptance, is to develop cultural business knowledge and business practices to bring home to their colleagues. It is a strategic, long-term context. Hopefully, highlighting dissimilar context indicators, first from the repatriate perspective and second from the organizational perspective, will encourage progress toward unification of global mobility efforts.

Nonexistent repatriation career plans, absent at the initial expatriation offer, are one indication to repatriates that they do not share a perspective of the assignment with their organization. An inadequate or nonexistent knowledge management plan for expatriate-acquired business knowledge implies the organizational context is tactical: deploy employee skills to another country. Although expecting a precise future position is probably unrealistic at the beginning of the assignment, specific knowledge acquisition goals linked to organizational strategic needs can be delineated at expatriation and adjusted throughout the assignment according to organizational changing strategies. In addition, organizations can explain their knowledge management plans and provide examples of successful repatriation of other employees.

Another clue that dissimilar contexts exist is when the organization is reluctant to offer initial or adequate expatriation pre-departure culture or language training. The organization may be unaware of the daily cultural challenge (often with an unknown language) and the magnitude of cultural identity change that expatriates experience. As noted earlier, inadequate expatriation pre-departure training is frequently cited in the research as problematic. Most notable in repatriates' experiences are lack of preparation for the common cultural identity changes (Haring, 2006). To ensure adequate pre-departure support, expatriates should research the host country's culture and language customs and then demand pre-departure cultural and language training necessary to be effective on the assignment.

Failure to provide specialized life management support that expatriates may need is another sign that dissimilar contexts exist. For example, expatriates often receive inadequate support to locate appropriate schools for their children, access host country contacts that can ease their transition, language and culture training for spouses and children, and spouse career support. These issues illustrate organizational unfamiliarity with the personal cultural consequences of expatriation. Utilizing the network of repatriates in the organization may provide examples of successful assistance negotiation. Expatriates should critically assess their necessities for daily life and determine what needs to be replicated in the host country.

Often, prospective expatriates, in their eagerness to go on assignment, overlook what is central in the organization's context, as demonstrated by the support offered. This is surprising considering the historical evidence of organization restructurings, mergers, acquisitions, and reductions in the workforce, especially in the United States. Expatriates, unaware of the noteworthy changes in cultural identity, also view repatriation as moving home and, similar to organizations, focus primarily on the logistical aspects of repatriation. They, too, are ill-prepared for re-entry into their home culture and workplace.

Indications that dissimilar contexts exist, from the organization's viewpoint, can also be specified. Whereas repatriates are often unaware of the organization's assignment-driven perspective, organizations are often unaware of the contextual complexity of the assignment experience and anticipated repatriation reception and career rewards.

Organizations have the ability to formally assess their global mobility programs to determine the return on investment and the magnitude of failed repatriation in their firms. We cannot fix what we do not measure. Therefore, a comprehensive assessment of expatriate costs, repatriate retention, productive use of expatriate wisdom, and organizational global mobility strategies is necessary. This type of assessment will illuminate global mobility program and repatriate derailments so that cost-effective solutions can be instituted.

For example, repatriates often believe they are passed over for promotions they may have received had they stayed in the home office. Therefore, an organizational solution is to offer a promotion or bonus upon successful expatriate goal accomplishment (including satisfaction of delineated knowledge goals). This incentive demonstrates organizational reception and reward. If other mechanisms are in place to support repatriates, then organizations can manage this performance by linking the promotional pay or bonus to the one-year return anniversary. This tactic might prevent employees from leaving their organizations so quickly upon repatriation and provide the organization an opportunity to proactively secure the intellectual assets brought home.

In addition, several cost-free organizational strategies can alleviate the repatriates' perception that their unique cultural business acumen is not acknowledged, appreciated, or utilized. First, repatriates can be formally identified in the organization as a cultural resource to provide individual coaching for potential expatriates or for divisions beginning operations in a particular country. As cultural interpreters, repatriates can be highly successful dispelling myths about host country nationals and their customs, and they can offer a cultural understanding that might be absent in the organization. Recognition and appreciation cost so little and yet provide so much positive capital.

Second, organizations can require repatriates to post reports of their experience or lessons learned on the company intranet. This provides an opportunity for repatriates to share their knowledge and feel their assignment efforts are appreciated. Third, organizations can host informal luncheons featuring presentations by repatriates. Fourth, invite repatriates to provide unedited feedback to the organization's global mobility process to help close the contextual gap.

Business leaders are often unprepared to receive repatriates into their divisions and are unaware of the skills, knowledge, and accomplishments of the repatriate. This situation provokes much repatriate dissatisfaction. One repatriate I interviewed said his new manager did not have a clue what he had accomplished or the level of business interaction he had in his eight-year assignment. This repatriate's new manager enrolled him in a company-wide mandated presentation skills class after he had already spent eight years on assignment presenting to C-level executives! Therefore, a fifth strategy is to ensure the "receiving" manager knows what specific skills, knowledge, and experience the expatriate has to offer. Ask repatriates to "update" their résumés for internal use and as a precursor to a scheduled debriefing with the new boss. Finally, ensure senior management welcomes expatriates home and thanks them for their assignment accomplishments. Invite repatriates to share their perspectives based on their expatriate experiences at business meetings.

Repatriation is a personally transformative time and not always well understood by repatriates or their colleagues. Expatriates who are least aware of themselves as a cultural being prior to expatriation may experience greater distress upon repatriation when changes in the cultural self become perceptible (Sussman, 2000). Therefore, an additional organizational response may be to provide cultural identity education prior to expatriation to help an employee become more aware of his or her current cultural identity. This support can heighten expatriate awareness of changes in the cultural self during expatriation and lessen the severity of self-concept disturbances experienced in repatriation. In addition, cultural transition counseling immediately prior to and at repatriation may also ease the transition home.

Knowledge Management and Positive ROI

Numerous favorable organizational outcomes are generated when businesses leverage expatriate wisdom. A positive ROI and increased global competitive advantage in addition to stronger global organizational culture and improved worldwide operational efficiencies are some potential gains. Capturing expatriate wisdom, especially of culturally dissimilar countries, can progress organizational goals and increase home office culturally-sensitive business practices. In particular, China, India, and Russia are emerging not only as primary destinations for expatriation, but also as the most challenging locations for expatriates (Brookfield Global Relocation Services, 2010; GMAC Global Relocation Services & National Foreign Trade Council, 2008).

Repatriates, too, benefit from organizational plans to use their expatriation-acquired business knowledge. One outcome is that it reinforces the repatriates' perspectives that their experiences are valuable and are indeed valued. Positive self-worth diminishes repatriate distress, thereby enhancing retention efforts. When repatriates are able to share their learning in a way that is meaningful and helpful to their organizations, their initial assignment expectations are realized. Moreover, when organizations are unable to offer anticipated repatriation career promotions, leveraging their knowledge may lessen their disappointment and increase retention.

Dissimilar contexts of the international assignment are the catalyst for many of the concerns raised by both organizations and their repatriates. These are expensive problems organizations can ill-afford to ignore any longer. The world is getting bigger and smaller at that same time. Savvy organizations capitalize on every available resource to survive. It's 2011. Are failed repatriation, lost wisdom, and lost ROI still nagging issues in your organization?

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CHAPTER 18

THE ROLE OF HR IN FOSTERING INNOVATION IN ORGANIZATIONS

JAMES M. HIGGINS

ABSTRACT

Increasing global competition demands that organizations excel at innovation not only for products and services but for organizational processes as well. The role of HR in achieving this innovation can be significant through employee selection, helping develop creativity and innovation skills among the organization's employees, and by helping create the innovation infrastructure that turns creativity into innovation.

Introduction

Organizations today are continuously being exhorted to increase their levels of creativity and innovation. Most business forecasters and futurists currently assert that innovation will be the primary means available to companies in developed economies to overcome the competitive advantage of relative low cost enjoyed by the developing economies (Bhidé, 2010; Dye & Stephenson, 2010; Crooks, 2011; McGregor, 2011). Executives understand this need for more innovation. The McKinsey 2010 Global Survey of Executives reported that 84 percent of the 2,240 global executive respondents stated that innovation was either extremely or

very important to achieving growth (Capozzi, Gregg, & Hunt, 2010). Innovation is so important to companies because competitive advantage is almost always achieved through innovation. To be competitive, organizations must be able to achieve relative differentiation, relative low cost, or some market appropriate combination of the two (Hall, 1980). Relative product/service differentiation depends essentially on product/service innovation, including enhancements to existing products or services; while relative low cost depends most often on process innovation, including enhancements to existing processes. When one examines what an organization requires in order to achieve these two fundamental types of innovation or some combination thereof, three key elements emerge: (1) creativity from its employees and allies outside the organization, (2) an organizational infrastructure for turning that creativity into innovation, and (3) a supportive societal environment. The relationship among these three factors and innovation is summarized in the following equation: $C(X) \cap (X) \cap SSE = Innovation$. This equation states: “Creativity occurring within an appropriate Innovation Infrastructure within a Supportive Societal Environment results in Innovation” (Higgins, 1994, 2006, 2011).

The human resource management department plays a critical role in achieving organizational innovation because it oversees key parts of two of these three key elements: creativity and innovation infrastructure. HR’s role in a supportive societal environment is limited because issues such as federal, state, and local tax policies; the excellence of public education; and the existence of clusters of related firms are generally beyond HR’s purview. The following sections explore HR’s role in developing organizational innovation through its impact on generating creativity and developing an innovation infrastructure.

HRM Activities That Most Help Produce Creativity

Since innovation begins with human resources unleashing their creativity, and the HR department oversees the organization’s efforts to manage its human resources, its role is central to achieving sufficient levels of creativity in the organization. HR helps select and motivate creative human resources and can help develop the creativity in all of the organization’s human resources, including not only the organization’s members but allied non-members as well—consultants, customers, suppliers, alliance members, and idea generators found through various Internet sources.

The role of HR in developing creativity within the organization is increasing, because in most organizations today, creativity is not just a function of the R&D department, but rather a function of the potential actions of all its members and others who have relationships with the organization. Creativity is also increasingly the result of what is known as “open innovation” or “crowd sourcing,” which calls

on a cadre of people outside the organization to help solve organizational problems. These individuals are usually linked to the company through the Internet. In essence, the organization places the problem on the Internet either through companies that specialize in supplying idea field experts or occasionally using an open broadcast of the problem to virtually everyone on the Internet.

Other ways in which innovations come to the organization are through acquisitions of other organizations and their products, services, and processes; purchases of the right to products, services, and processes; licensing of products, services, and processes; various types of alliances; and so on. While HR's role in open source innovation is very limited, HR's role is much more extensive in the organization's other creativity-generating processes. The following sections deal with internal member HRM actions that can significantly affect an organization's ability to be creative and innovative.

Aligning all of the HRM functions—organizational design; human resource planning; job analysis, design, and evaluation; determining conditions of employment; recruitment; selection; orientation; member development; rewards/compensation; performance management; employee and labor relations; grievance handling and resolution; discipline; termination; diversity and equal employment opportunity; workplace health and safety; organizational learning and development; culture management; and change leadership—with the organization's innovation strategy is, of course, necessary.

HR can be actively involved in organizational innovation in other ways. For example, Erik Brynjolfsson, director of MIT's Center for Digital Business, has found that information technology is having four significant impacts on the innovation capabilities of organizations. One of these is in the sharing of insights and other relevant information about innovation (Brynjolfsson & Hopkins, 2010). To be more proactive, HR could serve as a catalyst with respect to this information sharing. Coordinating with the information technology function on this information sharing can help IT serve its vital role in supporting innovation. For example, HR could help establish wikis and other social media connections for creativity and innovation information exchange.

But despite HR's opportunities to contribute in the aforementioned areas, certain HR functions are more critical than others with respect to achieving innovation. The most critical appear to be recruitment and selection, member development (especially of creativity and innovation skills and of leadership style), rewards/compensation, performance management, change management, and culture management (Cano & Cano, 2006; Rufat-Latre, 2005; Shipton, West, Dawson, Birdi, & Patterson, 2006).

In that context, to better understand how important managing creativity is to the modern organization, let's examine Richard Florida's perspectives on the

issue. Florida, author of *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*, has indicated that approximately 30 percent of the workforce are members of what he labels the “creative class.” He divides this class into two key parts:

1. *The Super-Creative Core*: Comprised of about 12 percent of all jobs in the United States, this group includes architects, scientists, engineers, educators, computer programmers, and researchers. Artists, designers, and media occupations make up just a small subset of this group. The primary function of this group is to be innovative; to create new and/or improved products and services. The term “creatives” is used to describe this group later in this chapter.
2. *Creative Professionals*: These are knowledge-based employees and include those working in fields such as management and those working in healthcare, law, education, business, and finance. They are basically creative problem solvers. (Florida, 2004)

It is apparent from Florida’s research that organizations depend on this group of people for their success. But it is also important to note that companies and not-for-profits alike should also be thinking in terms of raising the creativity and innovation skills of the other 70 percent of the workforce. And in many situations organizations should be working with non-member allies to increase their creativity and innovation. Since organizations must be innovative to compete in the future, every person’s creative capabilities must be tapped, and the organization must have the infrastructure to turn that creativity into the competitive advantage of innovation. The HR department’s effort in this regard begins with its own innovation strategy.

Innovation Strategy

The HR department needs an innovation strategy that starts with the purposes of that strategy and then lays out the strategy for achieving those purposes. Both purposes and strategy should be aligned with the overall organizational purposes and strategy and the overall organization’s innovation strategy and its purposes. Implementation should focus on the other innovation infrastructure elements mentioned previously. If these are not aligned with strategy, then performance will be lacking. HR’s strategy should not only focus on achieving the total organization’s innovation strategy, but should also be concerned with how HR will be more creative and innovative in its actions. The following sections discuss how HRM departments might perform several key functions of one of the elements of innovation infrastructure, staffing, in order to increase organizational creativity and innovation.

Recruitment

There are two focal issues when recruiting for creatives. First, recruiting for creatives is highly competitive and thus reward structures need to be competitive. Having competitive intrinsic rewards is especially important for motivating members of the creative class. In surveying over twenty thousand creative class members, Florida (2004) found that the number one motivator of this group was responsibility and challenge. In order of importance to those surveyed are the following:

1. Challenge and responsibility
2. Flexibility
3. A stable work environment
4. Compensation
5. Professional development
6. Peer recognition
7. Stimulating colleagues and managers
8. Exciting job content
9. Organizational culture
10. Location and community

Similarly, in a survey of 150 North American technology and telecommunications companies, Deloitte Consulting LLP (2008) found that the primary motivators of professionals in those industries was the power to control the when, where, and how of their work. Finally, consultant and researcher of employee motivation Tammy Erickson has recently blogged, “My research has clearly shown that high levels of engagement, and the associated discretionary effort, occur when our work experiences reflect a clear set of values that we share. For many today, meaning is the new money. It’s what people are looking for at work. Clear company values, translated into the day-to-day work experience, are one of the strongest drivers of an engaged workforce, one primed for successful collaboration” (Erickson, 2011).

Second, at the core of the creative’s motivation is the intrinsic desire to create, to problem solve. The organization can help satisfy this need by providing the opportunity to create (Amabile, 1995). This is much more complex than it sounds on the surface. There is an extensive set of contextual variables that should be part of a creative and innovative organization in order to provide this opportunity to create. For example, the organizational environment should include a vision for creativity and innovation, support risk taking, value creativity and innovation, value creatives, be empowering, promote change, provide engaging work,

reward and celebrate creativity and innovation performance, develop creativity and innovation skills, use cultural artifacts that support creativity and innovation, and make creativity and innovation part of employee performance objectives (Amabile & Khaire, 2008; Higgins, 1995; Higgins & McAllaster, 2002; Shalley & Gilson, 2004).

Member Development

All employees can benefit from developing their creative problem-solving skills, their use of creativity techniques, and in the not too distant future their use of creativity and innovation apps for smart phones and tablets such as the iPad. However, some of the subject-matter areas for developing creatives and other organizational members are often different. The skills needed in the various creatives' fields are typically taught away from the workplace, and then reinforced or modified as need be to fit the functional area and/or company situations. Nevertheless, many creatives need instruction and experience in creative problem solving, even though they might not think so.

Furthermore, the types of instruction will vary between and within the core super-creative group and the professional creative group. For example, most scientists are engrained with various approaches for problem solving in their disciplines. Yet, they may not have received development in creative problem solving. Conversely, many managers have not been through development programs for creative problem solving, even though for most that is what they do. For other job holders, development of creative problem-solving skills, collaborative skills, the use of creativity techniques, and managing risk taking are typical skill sets that can and should be taught.

For both groups, development of skills needed for working and managing in a creative and innovative culture are also necessary. In addition, most firms would benefit from working closely with their allies outside the firm assisting them in improving their creative problem solving skills. This would not only help with innovation but also help strengthen relationships. The power generation division of Siemens, for example, works with its suppliers and customers teaching them creative problem-solving skills.

For managers, development of the skills for leading creatives is especially critical. There are a number of ideas about how to do so (Amabile & Khaire, 2008; Barsh, Capozzi, & Davidson, 2010; Amabile, Hadley, & Kramer, 2002; Farnham, 1994; Mumford, Scott, Gaddis, & Strange, 2002). There are some differences among these various perspectives and additional research efforts focus on specific skill sets, such as empowerment and transformational leadership and how these affect innovation outcomes. In addition, the necessary skill sets vary

somewhat depending on whether one is a front-line leader or an executive or director. There are also differences in the skill sets required for managing creatives working on big bang projects versus those working on incremental innovations. But for managers who directly manage big bang creatives and not the creative's managers, most of these lists of necessary skills include the following:

1. Balance the needs of the organization and the needs of the individual.
2. Put the creative's ego above your own.
3. Be emotionally intelligent.
4. Empower creatives.
5. Develop a set of shared values around creativity and innovation.
6. Provide challenging and engaging work.
7. Protect creatives from undue outside influence so they can do their jobs.
8. Recognize, reward, and celebrate successes.
9. Learn to live with some failures.
10. Enable and facilitate collaboration.

Lina Echeverria, as director of glass and glass ceramics at Corning, was just such a leader. She practiced all of these leadership behaviors and threw in humor to boot. She was also adept at establishing the context that led to high performance levels of innovation research. She kept her charges satisfied but delicately balanced this with satisfying Corning's bottom line by ensuring that her charges delivered products that were sellable at the right prices (Fishman, 2000). Echeverria was a natural leader of creatives. But more typically, these are not skills that are innate, so assisting managers in developing these skills is absolutely vital. Leadership development programs should include materials on and practice in leading creatives.

Rewards/Compensation

Creatives (Florida's creative core), creative professionals, and those who hold other types of jobs all need rewards for being creative, but what is most motivating will vary.

- Almost every study on the subject has shown that rewards for creatives are most effective when they are intrinsic in nature (Amabile, 1995). For the creative, the work itself is usually sufficient, but not always. It is understandable that even creatives would respond to certain types of external rewards, for example, when they are used as benchmarks toward the completion of a project, as indicators of market success of their efforts, or as a form of recognition for a job well done.

- For creative professionals, intrinsic job satisfaction is still critical, but financial compensation is often a more motivating force than it is for the creative core. Most of these people are high achievers, and money is often viewed as a benchmark of success rather than as a lower-level need satisfier.
- For job holders who are not members of the creative class, many if not most lack the intrinsic motivation to be creative. For them, extrinsic reward systems are necessary. For example, rewards for suggestions that are used in the organization are examples of how to use rewards to stimulate creativity that probably would have gone untapped otherwise. Similarly, rewards for individual and group performance based on creativity and innovation metrics are also highly desirable for this group. Remember, 70 percent of the workforce are, on average, not members of the creative class and are used to many types of extrinsic motivation.

Creating the Innovation Infrastructure

The innovation infrastructure has one primary objective—to ensure strategic performance (Higgins, 1995; Higgins, 2006; Higgins, 2011). HRM can play a significant role in making certain that creativity is translated into innovation by helping align all of the other infrastructure factors with the organization's strategy for achieving innovation.

Its elements include: the purpose and strategy for innovation, organizational structure, systems and processes, leadership style, staffing, resources, and the organization's culture. The HR department's role in developing and influencing staffing, its leadership style, and the organization's culture are especially critical. Staffing and leadership style have already been discussed. The next section of this chapter discusses HR's role in developing the cultural part of the innovation infrastructure.

Shared Values: Managing Organizational Culture

The organization's culture is at the core of the success of innovation initiatives (Amabile, 2008; Barsh, Capozzi, & Davidson, 2010). One of the most critical sets of HRM actions can be helping guide the management of the organization's culture. The HR department often is charged with this task, but even if it is not, it can influence the culture through the focus of its training and development programs. There are many ways to go about influencing an organization's culture. One powerful tool for managing the culture, especially for matching the culture to a new strategy, such as executing an innovation strategy, is managing cultural

artifacts (Higgins & McAllaster, 2002). Cultural artifacts are those values, norms, practices, and physical objects that help identify one organization's culture as opposed to that of another.

Six primary cultural artifacts have been identified: the organization's values; myths, and sagas; language systems and metaphors; symbols, ceremonies, and rituals; rewards; and the use of physical space and equipment (Higgins, 2004; Higgins & McAllaster, 2004; Shrivastava, 1985). The last five artifacts serve primarily to reinforce the first—values. One reason that these artifacts are so critical is that, when used properly, they consistently reinforce the strategic message; they help clarify the strategy so that it is executed appropriately throughout the organization. With respect to the use of cultural artifacts to reinforce an innovation strategy, the following examples are provided.

Organizational Values. Is innovation included in your statement of corporate values? It should be. And it should be engrained in every organizational member's brain as a key value. Do your members know what your organization's innovation strategy is? They should. At well-known companies such as IBM, 3M, Google, GE, Whirlpool, Ford Motor Company, and Procter & Gamble, innovation is a deeply held value. These organizations also use various other cultural artifacts to reinforce that value.

Myths and Sagas. These are basically hero and heroine stories about individuals, teams, departments, or even business units that "get it." They are success stories about the old or new strategy. They become ingrained in the corporate culture and tend to perpetuate it. When you change strategies, you need to change your myths and sagas; otherwise the stories told still reinforce the old strategy and the old values. 3M probably uses storytelling better than just about any other company. But companies such as Disney, Continental Airlines, and Corning are all adept at this practice. In doing focus groups with the employees of one of the global companies I have worked with, I discovered that the only story told was about the new product development team, the members of which were all terminated when their latest product bombed. This is not the kind of story a company wants to perpetuate. The message was clear: create at your peril. I worked with them to build positive stories on their many successes.

Language Systems and Metaphors. The language of innovation must be incorporated into the everyday language of employees. But beyond that, metaphors offer a way of crystallizing the focus of everyone on the new strategy. When the CEO of a Japanese electrical motor manufacturing company wanted to impress upon his employees that he wanted them to think creatively, he called it "bullet

train,” after the high-speed Japanese trains that involved so many innovations. He wanted his employees to think about breakthroughs. And they did. Profits improved significantly. Metaphors make it easier for people to grasp what the new order of things is all about. Use the old language, and you reinforce the old values. Use the new language, you reinforce the new values.

Symbols, Ceremonies, and Rituals. Just as with metaphors, symbols help focus people on the innovation strategy. A major book publisher created a symbol for its innovation program that was visible everywhere throughout the organization—from stationery to wall posters. This helped bring significant improvements in profits. An act can also be a symbol. Those who succeed under the new program are rewarded in ceremonies that celebrate success. In this example, two types of artifacts were used—symbols and ceremonies, and oh yes, rewards. An action can also provide a different kind of symbol. When the president of Samsung destroyed fifty thousand malfunctioning Samsung cell phones at a large employee gathering, he was creating a symbol of the undesirability of failure in the minds of his employees.

Rewards. Many people take the attitude that if it isn't on their performance appraisal, then why would they want to achieve that objective? Good question. So the answer is to put creativity and innovation on everybody's performance appraisal, include them in the performance appraisal ritual, and reward those who are successful creators and innovators. Managers should also use company reward ceremonies to dually reward employees and to celebrate their successes.

Most companies have walls of fame for their successful research scientists, but not for their “ordinary Joes and Janes” who have contributed significantly through their own creativity. Does your company honor the creativity and innovation of those who are not members of the creative class in some really special way when they are successful in executing the innovation strategy? It should. And it should offer and the give the rewards for success at the new strategy rather than for success for behavior linked to the old strategy.

Use of Physical Space and Equipment. Walk into the Steel Case pyramid, and you know you are in someplace special. The internal space is designed for people to be creative, and its external pyramidal design has innovation written all over it. Many companies now have created internal creative spaces where members may gather to share information, brainstorm, create, and innovate. Has your company done so? And just as importantly, does it encourage and reward the use of such spaces? Finally, is there sufficient software, hardware, lab equipment, or “contemplaces” for your employees to be successful at innovation?

Be a Good Example

Part of the HRM department's strategy is to be innovative in its own actions as well as help implement the organization's overall innovation strategy. To be innovative, the HR department follows the same process as would the rest of the company. First, the department should develop an HR vision and strategy for its own innovation. Second, the department should develop the HR staff's creativity and innovation skills as it would the rest of the organization's. Third, it should create its own innovation infrastructure.

Next, HR should make creativity and innovation part of its performance management system. Finally, HR should lead the organization in applying technology to everyday activities, but especially with respect to management and leadership. There could not be a better time for that than now with the widening use of smart phones, tablets, and the related apps. Companies such as IBM, Oracle, and Google are already writing their own apps for a variety of needs. HR can work with IT to develop apps for HR's needs. Beyond that, it can help identify the apps needed throughout the organization related to HR, innovation management, change management, leadership, and so on.

Successfully Executing an Innovation Strategy

Innovation is vital to the success of all organizations, but especially businesses for which competition is global and fierce. The HRM unit of an organization can do much to help the organization successfully execute an innovation strategy. This chapter has focused on several practices that are perceived to be of critical importance. But all HRM practices in some way can contribute to enhancing innovation in the organization. The key is for HRM to be innovative in these practices.

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CHAPTER 19

OVERTIME ADDICTION*

Causes, Consequences, and Cures

Eric C. Jackson and Peg Thoms

ABSTRACT

Firms frequently have employees work overtime hours to compensate for an unexpected increase in demand. As a temporary measure to deal with problematic situations, overtime is an effective solution. Problems develop when overtime is used as substitution for good operational procedures. Employees begin to view overtime compensation as part of their standard compensation. Firms fail to take corrective action, choosing the easier solution. Communities begin to rely on the increase revenue generated by overtime. This chapter examines the causes, consequences, and the cures of overtime addiction.

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Introduction

Any manager who works in an environment that offers or requires overtime work knows that some employees become addicted to it. In other words, some employees become dependent on the additional income provided by overtime to live their daily lives. Furthermore, managers can become addicted, too. Overtime addiction can have the same negative consequences as any other addiction for individuals, organizations, and communities. We suggest that overtime is an addiction which effective managers can and should cure and avoid. In this chapter, we outline how overtime, as an entity, develops and persists; the negative consequences often associated with overtime; and how managers can prevent overtime from becoming an addiction within their organizations.

Overtime Addiction and the Non-Exempt Employee

Many non-exempt employees love overtime because they make at least 50 percent more per hour and that additional pay can help them make major purchases, take better care of their families, and help their companies by increasing production while keeping overhead costs such as health care and retirement low (DeGraaf, Wann, & Naylor, 2001). Many, often older workers, also work overtime in order to affect their retirement formula, which may provide a long-term reward for working extra hours now. Exempt employees who do not earn overtime pay (due to laws regulating overtime compensation) may also love overtime because it gives them a visible and measurable way to prove that they are promotable. They are also more likely to be professionals who chose their fields and love the work they do. In addition, many people, especially workaholics, use work as an escape from difficult home situations (Hochschild, 1997; Hodson, 2004). Of course, these home situations often get worse because of extensive overtime. Work is a “good” excuse that few spouses, children, and other family members can counter.

Managers like overtime because it is a quick and easy way to respond to emergency situations, seasonal surges in work, and other unexpected workloads without doing additional hiring (Hendrick, 2000). Hiring new employees creates long-term obligations like health insurance and other costly benefits, including, ironically, sick leave and vacation time. These managers can also avoid the forecasting and planning functions, which are difficult, expensive, time-consuming, and complex processes, by using overtime.

Overtime Addiction and Management

Like many other substances and situations that people love to hate, overtime has become a mutual addiction. Blue collar workers who make over \$100,000 per year *with* overtime spend like people who *earn* \$100,000. In a relatively short period of time, they find that the “extra money” has become an important and integral part of their family budget. For example, instead of buying homes in the range of what they can afford on their “regular” pay, they buy homes in the range of what those making \$100,000 can afford. Like other addictions, the financial and emotional impact on the workers and their families can be devastating (Elster, 1999; Fraser, 2001).

At the same time, managers hate overtime because it is expensive and makes it harder to keep labor costs within budget despite the savings on overhead. According to the Bureau of Labor Statistics, the seasonally adjusted number of overtime hours manufacturing companies used per week in 2004 was 4,500. This data does not include overtime in other industries (Bureau of Labor Statistics, 2007). A more specific example is that, in 2005, four production workers made over \$200,000 with their overtime pay in one Fortune 500 manufacturing organization in the northeast. An additional fifty-four production workers made over \$100,000 per year by their overtime pay. Considering the scope of the work done by these workers, this level of pay was grossly out of line. Since the overtime rate of two times the regular hourly rate of \$27 per hour was mandated by the union contract, the managers in this firm cannot change the terms unless they change the contract, which would be virtually impossible.

Effects of Overtime on Organizations and Communities

Organizations that utilize overtime extensively are likely to see increased costs and lower profit margins. Hendrick (2000) found that during the growth period that ended in 1998 overtime had increased 67 percent, while total employment remained lower than it had been in 1989, the point he marks as the depth of the recession that ended in 1991. Interestingly, the assumption that using overtime is more productive or cost-effective than creating jobs has not been clearly established. Barkume (2007), in a study for the U.S. Bureau of Labor Statistics, concluded that he could not rule out the possibility that workers with overtime are actually less productive. There is often little accountability for the actual work done during the extra hours when others have left the office (Ciulla, 2000). Based

on interviews with students and others, overtime is almost always more “fun” because managers, if present at all, are grateful that workers are there and do not monitor the work quality and quantity closely; the employees are more apt to talk and joke more; and management often provides perks like pizza, beverages, and sandwiches. Most readers can probably tell tales of after-hours activities of managers and others which have nothing to do with work, including card games, long coffee breaks, and romantic relationships between co-workers. Since many workers view overtime as doing the company a favor, there is a reduced feeling of obligation toward the employer and an increased feeling that the company owes them in the future. Combine this attitude with a need for money or escape, and overtime can create an insidious psychological addiction.

In addition to the costs and the possibility of decreased productivity, there are other issues. There may be a loss of management control as addicted workers manipulate production rates in order to obtain overtime. Managers on salary may actually earn less than nonexempt subordinates working overtime and often become dissatisfied with their pay and jobs. Previous research has found that “workaholism” has negative consequences for organizations including higher absenteeism (Porter, 1996).

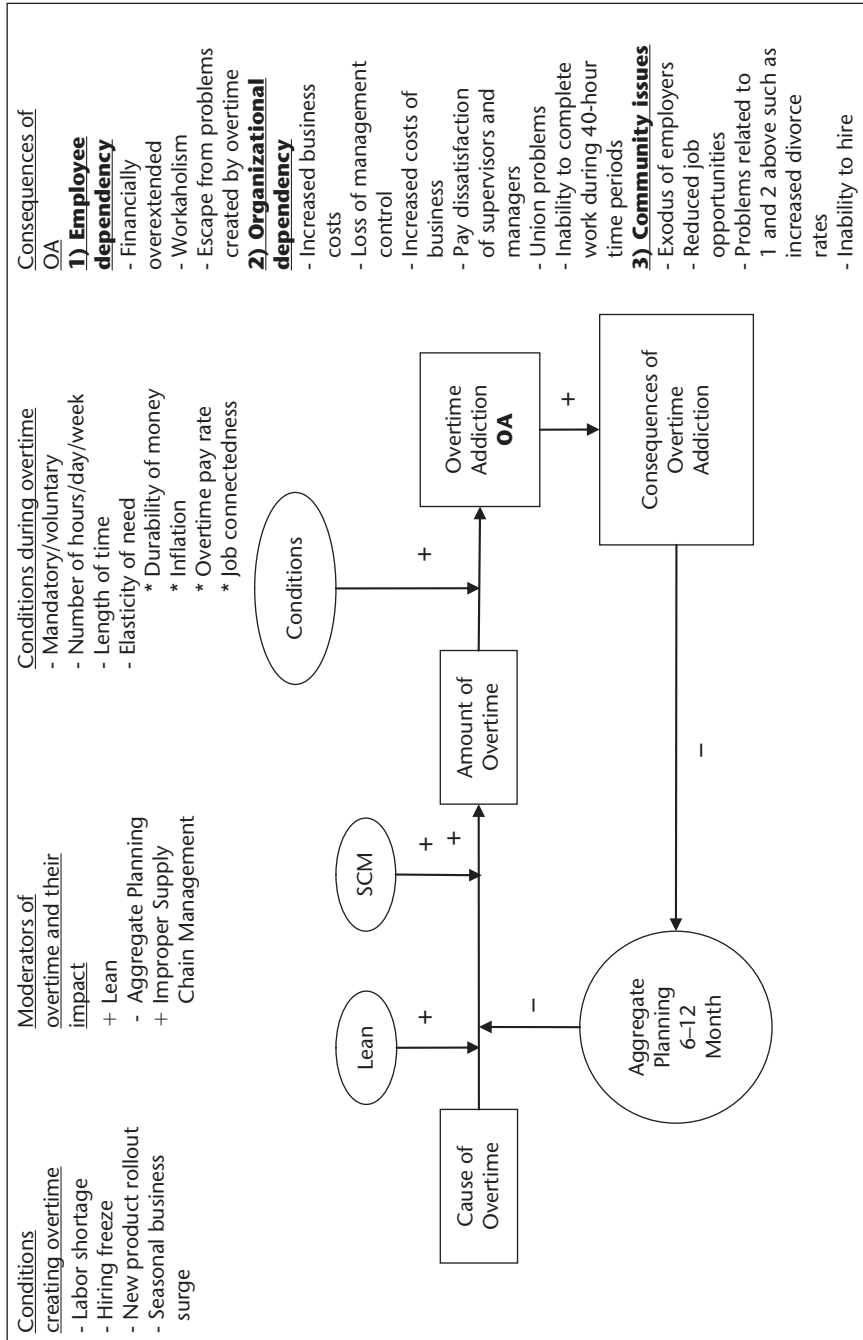
Beyond the problems for the workers and the employers, communities also suffer. This is one side of the problem of overtime addiction that is often ignored. Potential employers may not locate to an area known for high labor costs, health care costs, and divorce rates. Other family problems can increase, leading to more households with family service needs. Companies may relocate or outsource large functions because they cannot renegotiate union contracts, and local governments must deal with the consequences of the problems created by overtime addiction. And, of course, these issues must be addressed with reduced tax revenue and volunteer donations because of the increasingly poor economic conditions in the community.

Causes of Overtime

Managers have control over the causes of overtime and the conditions that exist during overtime. These include:

1. *Poor aggregate planning for six to twelve months*—managers can reduce overtime by carefully planning for both the short and long term.
2. *Short-term or long-term labor shortage*—managers can anticipate labor shortages by monitoring the environment, following local economic patterns, tracking the time it takes to fill positions, and using attitude surveys.

FIGURE 19.1. HOW OVERTIME BECOMES AN ADDICTION



3. *A hiring freeze*—any hiring freeze can lead to the need for overtime. Line managers must still make quotas established by upper management but cannot expand their workforce during a hiring freeze. They are forced to add capacity by using overtime.
4. *New product rollout*—managers who attempt to roll out new products and services without hiring the personnel necessary to staff the new product will create overtime, as well as sabotage its potential success.
5. *Seasonal business*—forecasting will not completely anticipate fluctuations in demand. However, the failure of management to even attempt to forecast demands aggravates the problem.
6. *Lean manufacturing*—a lean manufacturing environment, one that eliminates waste, should dampen the demand for overtime as a source of waste. However, there is evidence that lean manufacturing often increases the demand for overtime. While working for Toyota, a firm often held up as the optimal example of lean, Mehri (2006) observed that the Toyota system frequently led to excessive overtime. In some cases, the system created shifts of over thirty hours at a time for employees. Furthermore, since inventory, production capacities, and employment levels have been reduced to a minimum, these traditional controls for overtime cannot be used to mitigate surges in demand. As a result Toyota has effectively accepted overtime as a “cost” of lean.
7. *Supply chain management*—Mehri (2006) also observed that lean did not reduce or remove the waste of overtime in the supply chain. Rather, he saw that the overtime was shifted upstream from large supply chain members to smaller supply chain members that did not have sufficient supplier power to resist the demands of their large buyers. This forced them to institute high levels of overtime. The end result was that the costs were absorbed by small firms with fewer slack resources than firms such as Toyota.
8. *Overtime addiction*—the consequences of overtime addiction become in and of itself a cause creating more overtime later in the cycle. For example, workers may slow down their work in order to make overtime available. As one worker put it after overtime hours were cut one week, “We are being penalized because we worked efficiently.” Overtime had become a valued entitlement to him.

Figure 19.1 shows a flow diagram depicting how overtime is compounded enabling it to become an addiction.

Conditions That Exist During Overtime

The conditions that exist during overtime may determine whether overtime becomes an addiction. For example, consider the following:

1. *Mandatory/voluntary*—if employees are allowed to volunteer for overtime, those who volunteer are more apt to become addicted.
2. *Number of hours/days/weeks*—the greater the number of hours worked per day, days per week, and weeks per year, the greater the likelihood that addiction will occur. Overtime becomes an addiction when it becomes an entitlement. When it is cut, both the workers and the managers may be upset.
3. *Length of time*—the longer that overtime lasts (for example, one summer versus one year), the greater the likelihood of addiction.
4. *Elasticity of need*—the more money employees make, the more they need. Specifically, we are suggesting that our basic needs grow as more money is pumped into our family budgets. Take, for example, the first paycheck with overtime in it. The worker and the family can do or buy something special that week. However, by the time the fourth check that includes overtime pay arrives, the money might have been built into the family's lifestyle and budget.
 - a. *Durability of money*—unless the employee is saving the extra income or paying off bills, he or she is likely to commit to new debt (car payment, mortgage, private school tuition, etc.) and the more money he or she will need after the organization's overtime needs have been met.
 - b. *Inflation*—increases in the cost of living may encourage employees to volunteer for overtime instead of alternatives like adjusting spending, working harder to increase piecework pay, or trying to earn a promotion.
 - c. *Overtime pay rate*—the more money one needs, the less satisfied one becomes with one and a half times the hourly rate. This pressures unions to negotiate higher rates of overtime pay. Unions can only do this in poorly managed environments where overtime addiction develops. Once overtime is paid at two or more times hourly rates, addiction will increase exponentially.
5. *Job connectedness*—due to the use of cell phones and other handheld devices, employees may be working even when they are not actually at their workplaces. This 24/7 connectedness means that overtime goes on continuously and becomes addictive for reasons not associated with money. In interviews, it was common for professionals to talk about their "relationship" with their "BlackBerry." Many noted that they felt the urge to "check in," even when they had on specific reason. Since professionals are typically exempt employees, they are not addicted to overtime pay, but rather to the connectedness or the implied promise of other rewards, like promotions, that go to the hardest (that is, those who put in the most time) workers.

Consequences of Overtime Addiction

Overtime addiction has a number of serious consequences that impact individuals, organizations, and communities. They include:

1. Employee dependency
 - a. Financially over-extended individuals dependent on overtime pay to meet their fixed expenses like mortgage payments. It is not unusual to hear people say that they worked overtime to save for the down payment on a house, but they worked so much that they could afford a down payment on a bigger home. As a result, they had to work overtime to make the larger payments. It also appears that some spouses who are “ignored” by the worker with long hours make more demands on their spouses for material goods.
 - b. Workaholism leads to feelings of comfort *only* when working. Work becomes the norm.
 - c. Escape from problems (in particular, family problems) created by overtime encourages employees to work more overtime. This used to be considered a “male” issue, but new studies show that women are now using work to escape from difficult home situations, which escalate the more one works (Hochschild, 1997). These escapes may increase marital and family problems, actually contributing to higher divorce rates, juvenile delinquency, and so forth.
 - d. New research shows that working overtime is hard on the heart. The study found that rates of angina, nonfatal heart attacks, and death from heart related conditions were 60 percent higher in people who worked at least three hours beyond the normal work day compared to those who worked only the normal work day (Virtanen, Ferrie, Singh-Manoux, Shipley, Vahtera, Marmot, & Kivimäki, 2010). These researchers also suggest that the United States has the longest average work day in the world.
2. Organizational dependency
 - a. Increased business costs due to overtime rates. Nonexempt employees must be paid at a rate one and a half times their hourly wage.
 - b. Loss of management control when employees deliberately slow down work in order to obtain more overtime hours. There are numerous examples of work slowdowns by employees in order to obtain overtime.
 - c. Overtime, however, is a Catch 22 in that employees want and hate overtime simultaneously. They want it for all of the reasons explained previously, but they may also hate being away from their homes and families, favorite activities, opportunities to build relationships, and friends. Employers cannot win—a common characteristic of all addictions.

- d. Increased costs of doing business lead to higher prices compared to competitors that have better controls on the causes and conditions of overtime.
 - e. Pay dissatisfaction of supervisors and managers who work very long hours during overtime periods but are exempt from overtime provisions and may be making less than their subordinates.
 - f. Union problems because both too much and not enough overtime cause complaints and unions have a significant incentive to resist hiring additional employees or outsourcing the work. The more overtime an organization needs, the lower its power with its union.
 - g. Inability to complete work during forty-hour time periods or shifts. This can occur not just as a result of deliberate slowdowns, but also because workers are tired and stressed due to the overtime. In addition, work tends to fill the time allowed to do it. In other words, if one has forty hours to do a job, he will. If he has fifty hours, he will take that long to do it. The same is true for groups of workers.
 - h. Aggregate planning should decrease overtime, but one of the consequences of overtime addiction is that planning cannot be done. In essence, the system of addiction takes over and makes planning difficult and/or unlikely to be implemented. Everyone is too busy to plan.
 - i. Slower work rates and quality during overtime can result. Those who have already worked eight hours will not be as productive during the extra hours. In addition, those workers who volunteer for overtime may not be the workers who have the expertise on specific machines or types of work that must be done during the overtime. This means that inexperienced workers are doing the work and both quantity and quality problems are likely.
3. Community issues
- a. Exodus of employers who want to avoid strong union environments and regional norms regarding overtime. In addition, some businesses will be forced to close or outsource some of their functions.
 - b. Increases in the use of community agencies due to the problems related to workaholicism and fewer people to provide services. For example, we would expect to find increased divorce rates, children with less supervision because parents are working, and reduced volunteerism because citizens are working longer hours. For example, in many small communities dependent on volunteer fire departments, finding volunteers is already a problem. It is difficult to find volunteer coaches for youth sports teams.
 - c. Difficulty hiring or keeping good workers by small companies in the area because they cannot afford the same pay structures and overtime rates as the larger organizations.

TABLE 19.1. MAJOR CONSEQUENCES OF OVERTIME ADDICTION

Employee Dependency	Organizational Dependency	Community Issues
Financial overextension	Increased business costs	Exodus of human resources
Workaholism	Inability to hire	Reduced job opportunities
Escapism	Loss of management control	Increase in social issues
	Union issues	
	Pay dissatisfaction	

- d. Cities are also direct victims of overtime addiction. An investigative reporter found that the city of Columbus, Ohio, was paying over \$28 million in overtime (Hunt, 2009) during the recent recession when voters were asked for a tax increase.

Table 19.1 summarizes the major consequences of overtime addiction.

Curing Overtime Addiction

Overtime addiction is preventable if managers control the causes and change the conditions that make it addictive. A number of fairly simple and straightforward management strategies could change the cycle of overtime addiction. While most of these ideas make sense anyway, few managers realize their connection to overtime.

1. *Aggregate planning could and should have a negative impact on overtime once adjustments to the plan have been made and implemented.* This damping effect is not instantaneous but should begin to have an impact after a six- to twelve-month time period. Planning includes the forecasting of labor needs. There are a number of forecasting techniques, such as weighted moving averages, exponentially smoothed forecasts or seasonally adjusted forecasts, all of which are available in Excel. This can reduce the unexpected demand for workers.
2. *Control of labor needs through careful planning and hiring* Companies that consistently use overtime do not have adequate staff to do the work. Although workers and unions may support low staffing levels, when an overtime addiction exists, companies must readjust their staffing plans accordingly. This may be done using temporary help or cross-training of personnel so that they may be shifted to a position during a high demand period without the need for overtime.

3. *Limit the hours and length of time that overtime is used.* The organization should have a standing policy that limits the amount of overtime that can be used each month. Senior managers must hold the line on those maximums. As the maximum level is approached and after reviewing patterns over the entire year, the HR department should begin planning for hiring.
4. *Many organizations allow workers to volunteer for overtime.* This is not a good strategy. Certain employees will begin to develop an addiction, which will force them to volunteer or believe that they “deserve” the overtime when it is available because they volunteered in the past. Instead, let all employees know that overtime is necessary on occasion and that all will be called upon to work. Keep the number of hours short and try to accommodate special scheduling needs whenever possible.
5. *Do not exceed overtime rates mandated by law.* For many employers, it is too late to renegotiate contracts that may pay overtime rates over the legally mandated amount of one and a half times pay. If it isn't too late, organizations should never agree to more than that multiplier unless the overtime is going to be worked on a holiday. If an employer is so desperate that it is willing to pay double for overtime, it should hire more workers instead. In the long run, the cost is less. Even if benefits are paid, it is unusual that hiring an additionally employee would double the cost of one employee.
6. *Typically, organizations pay overtime by including it in an employee's regular bi-weekly paycheck.* It would help everyone if overtime was paid in a lump sum. This way, employees and managers are reminded that this is not part of either personal or organizational monthly budgets. A separate check makes tracking both the specific rewards and costs of overtime easier. When an employee and an organization incorporate the income and the costs into a regular paycheck, it is more likely that they will become addicted because the overtime seems “normal.” As an example of this, consider Chrysler Corporation. For a period of time before Chrysler's acquisition by Daimler-Benz they paid profit-sharing to their employees. This was a major event in the Detroit area. The atmosphere was very much akin to New Year's Eve. Businesses offered sales and discounts. Employees celebrated and “splurged” on the purchase of “big ticket” items such as refrigerators or major home improvements. However, once the “boom period” was over, people went back to a budget that did not include an annuity, including the increase of income on a week-to-week basis. The counter to this celebration is the week in and week out addition of income to a check. This increase quickly become an entitlement as opposed to a windfall. The result is that it becomes “gist for the mill”—the expectation that it will continue ad infinitum. Overtime addiction.

7. *Use temporary workers and part-timers during seasonal surges and new product rollouts.* Many organizations have started using temporary workers as a strategy to avoid overtime and to test potential new hires before employing them. As the labor market shifts, however, this may not be possible for long. If the labor needs can be anticipated, it might be possible to establish long-term relationships with providers of temporary employees who represent workers. Some people enjoy rotating among different jobs and organizations because the work does not become tedious and boring over the long run and are willing to trade this for security; others are not.
8. *Predict seasonal surges.* Managers with predictable seasonal surges in business may be able to offer discounts to customers to purchase goods and services throughout the year to even out production and avoid overtime.
9. *Monitor and discourage overtime by salaried exempt employees except during special situations and ensure the temporary nature of the overtime.* It is common for organizations to “take advantage” of (or at least not worry about) salaried employees because the company does not have to pay overtime. There is a sense that there is no cost, but there is a very high cost. Burned out workaholics do not make the best employees. In management positions, they are very likely to encourage overtime by nonexempt employees. That way, they do not have to work alone, and they look and feel busier when they have a staff supporting their long hours. Overtime addiction is just as dangerous when it does not cost more because the exempt workers are involved.
10. *Increase hiring selectivity.* One of the major causes of overtime is poor or slow work performance. Another cause is bad management. By improving the quality of the workforce, in general, both causes can be addressed. Paying well, treating employees fairly, and having organized and competent management can reduce overtime substantially.
11. *Reconsider 24/7 technological connectedness during time away from work.* Just because managers can stay connected doesn't mean that they should. Overtime is overtime, even when it isn't on the clock. The old cliché is true—work expands to fill the time allowed or workers will fail to pass along a positive of time (Pinto, 2010). Calling and e-mailing employees after regular work hours is overtime. It can lead to the same problems as extra hours onsite.
12. *Consider group incentive pay related to cost savings and profitability.* Research suggests that group incentives like gain-sharing and profit-sharing effectively cut costs like overtime pay and other waste. Well-managed organizations use these strategies for all employees at every level.
13. *Pay fair wages and benefits that cover decent living costs.* If employees are underpaid or must buy their own health insurance, they are more likely to aggressively

pursue overtime. They are also more likely to moonlight, which has the same addictive effects as working overtime.

14. *Generally speaking, men and women are still different in their attitudes regarding overtime.* Women prefer compensatory time to overtime pay (Strassel, 2006). This is probably due to the “second shift” which still falls upon women in our culture (Hochschild, 2003). The law still requires pay for non-exempt employees (attempts to change the laws have been unsuccessful so far) for example, programmers, but providing compensatory time and requiring exempt employees to use it within specific guidelines can help organizations overcome overtime addiction and retain quality workers. Research has shown this to be a trend among many organizations (Kuhn & Lozano, 2006).
15. *Take care of employees.* As the labor shortage begins to develop in the United States, there will be higher demands on employees to work long hours. However, the organizations that survive and are able to continue to hire the best employees will unquestionably be those that take the best care of the ones that they have.
16. *Create a program of reverse overtime.* In other words, implement strategies that reward workers for finishing work in less than eight hours.
17. *Close work buildings and turn off the lights so that working extra hours is not possible.* Limiting the available time by closing the facility could actually increase productivity as well as save money.
18. *Become creative.* In Columbus, Ohio, the city was able to cut overtime hours by utilizing online training, which dramatically reduced the cost of training in the fire department (NBC, 2009, 2010).

The key to preventing overtime addiction is good management, good planning, the careful monitoring of the use of overtime, and changing traditional corporate cultures which value face time over productivity. Effective leaders never let overtime addiction develop. If a manager inherits this addiction, he will slowly have to wean managers and workers off this drug. If you are currently dealing with overtime addiction, the cure will be very difficult but, as with any other addiction, will only get harder the longer it continues.

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CHAPTER 20

THE CONVERGENCE AND DIVERGENCE OF HRM ACROSS NATIONS

Cultural and Institutional Influences

Rainhart Lang and Peter M. Wald

ABSTRACT

The chapter discusses the phenomena of international human resource management (IHRM), namely the convergence and divergence of HRM practices across nations, their reasons, drivers, and practical implications. We start with a definition of IHRM and description of tendencies toward the internationalization of HRM policies, concepts, and practices. Then we describe drivers of convergence that makes HRM worldwide similar. This is followed by a description of drivers for a divergence, namely cultural and institutional factors, which contribute to differences in HRM practices across nations. We continue providing an overview of empirical study results on convergence and divergence highlighted in comparative studies of HRM. The chapter concludes with the role of multinational corporations (MNCs) and of expatriates, which substantially contributes to the worldwide transfer diffusion of HRM practices.

International Human Resource Management Defined

The term IHRM is also used to describe different special patterns of human resource management practices in different regions and countries of the world (Lawler & Hundley, 2008).

We will focus on IHRM, which refers to special patterns of human resource policies and practices of international firms and corporations, internally, across borders as well as abroad. These include different policies and strategies of big MNCs or international organizations acting worldwide (Lawler & Hundley, 2008).

Tendencies Toward International Human Resource Management

Internationalization and globalization of the economy have massively changed the agenda of human resource management (HRM). Firms have engaged or intensified international co-operations through founding of sales points and production units or subsidiaries abroad, or investing in foreign firms, and employing qualified foreign staff. Besides general trends like a tendency to more professional and strategic HRM and the outsourcing of HRM functions, the growing international activities are forming important changes to the HRM systems.

This applies not only to large internationally active firms that contribute to the internationalization of HRM through the transfer of HRM practices to subsidiaries. Also, small and medium-sized firms are increasingly facing such challenges. In these cases, the internationalization of labor law and other regulations across countries—and especially the influence of best practices spread through media, governmental programs, or consultants—contribute to these developments. Brewster, Sparrow, and Harris (2005) describe five organizational drivers toward an internationalization of HRM:

- Efficiency orientation
- Global service provision
- Information exchange
- Pursuit of core business processes
- Localization of decision making

Although the general tendency is the internationalization of a former local- or national-oriented HRM, two main trends can be observed within the HRM

activities worldwide: a tendency toward an international convergence of HRM practices and a tendency toward a divergence of HRM practices.

Drivers of Convergence of HRM Practices

The scientific discussion on international HRM practices (Brookes, Croucher, Fenton-O’Creevy, & Gooderham, 2011; Carr & Pudelko, 2006; Lawler & Hundsley, 2008; Farndale, Brewster, & Poutsma, 2008; Mayrhofer, Brewster, Morley, & Ledolter, 2011) refers to a number of drivers of convergence of HRM practices worldwide. This trend is called *isomorphism*, based on the concept of institutionalism. The tendency to isomorphic structures and patterns of HRM practices is initiated and promoted by the following drivers:

1. Transnational or multinational companies tend to structure their HRM activities in foreign subsidiaries in a similar way. This can lead to an isomorphism in HRM, especially if other firms in the country tend to copy HRM practices of foreign subsidiaries. However, overall influence may be limited to the respective corporation.
2. Internationalization of labor law and institutionalization of labor market rules, as well as internationalized principles such as guidelines for international organizations (for example, ILO) support the trend to the use of similar concepts and solutions.
3. Consultants mainly offer best practices in HRM to their clients, contributing thereby to the diffusion of similar HRM practices.
4. Firms and corporations that face strong and increasing global competition tend to copy perceived best practices.
5. Since HRM concepts originate from the United States and are closely connected with the U.S. dominance in HRM publication and management education programs, HR managers and specialists are trained worldwide with the same body of knowledge, theoretical ideas, concepts, instruments, and so forth.

A good example for isomorphism in HRM is the spread of high performance work practices that have come to be viewed as the standard, leading to an “Americanization” of employment and HR management systems of companies worldwide (Almond & Ferner, 2006; Edwards & Tempel, 2010; Ferner, Almond, & Colling, 2005). But even here, cultural, institutional, and ideological forces continue to offer resistance to the global convergence of U.S.-based HR practices.

The international transfer of HRM practices seems to be therefore limited (Lawler & Hundley, 2008). Even if practices seem to be used worldwide, the meaning of each practice for the local actors, the real use, and modes of use, and the functions they fulfill in various cultural places seem to differ considerably. The implementation of such practices is then often limited and only used for legitimating toward outsiders instead of becoming a real practice.

Drivers of Divergence of HRM Practices

The above-mentioned problems of universalism in HRM give rise to the second tendency of divergence of HRM practices.

The impact of different national cultures or cultural profiles as in concepts of Hofstede or GLOBE (Chhokar, Brodbeck, & House, 2007; Hofstede 2001, 2005; House, Hanges, Javidan, Dorfman, & Gupta, 2004) or of institutional forces, like in concepts of “national business systems” (Whitley, 1999) or “varieties of capitalisms” (Hall & Soskice, 2001) have to be mentioned.

They underline the fact that HRM practices have to be seen as different, locally embedded, and culturally endorsed structures, rules, concepts, practices, and behaviors. As mentioned, even universal patterns of practices are often culturally adapted forms and represent combinations of well-accepted behaviors and local traditions.

With respect to the cultural influence, Hofstede has noted that “In a global perspective, U.S. management theories contain several idiosyncrasies not necessarily shared elsewhere” (Hofstede, 1993, p. 81). Similarly, House, Hanges, Javidan, Dorfman, and Gupta (2004, p. 56) have pointed out the values that are incorporated into U.S. models of management and leadership compared to other countries in the world, for example:

- Focus on rationality instead of ascetics, religion, superstition, etc.
- Individual instead of group orientation
- Focus on follower responsibilities instead of follower rights
- Hedonistic instead of altruistic motivation
- The centrality of work and (Western) democratic values

With respect to national cultural values, the following has special influence on the preference of HRM practices, systems, or instruments: individualism or collectivism, high and low power distance, and assertiveness, or the degree of uncertainty avoidance and performance orientation (Brewster, 2007). This leads, for example, to striking differences in the acceptance and practical use

of instruments of appraisal and payment based on individual achievement and competitive performance results. Similar differences can be found in the acceptance and special understanding and structures of teamwork. In cultures with high power distance, teamwork requires clear hierarchical structure, while in low power distance and more individualist countries; teamwork is seen as a group of cooperating individuals.

In a similar way Whitley (1999) says that national business systems, that is, “the way in which economic activities are organized and controlled . . . differ considerably” across nations. The characteristics of national business systems include the nature of economic actors and their relations like governance and ownership structures; the nature of market organization, for example, the influence of networks between firms; the role of intermediate collective actors or collective sanctions; and the role of the work organization. The latter has a considerable influence on HRM practices because it includes aspects like employment policies, differentiation or segmentation of the workforce, social distance between managers and subordinates, specialization of workforce, or degree of discretion at work. They are, therefore, close to cultural patterns like power distance or uncertainty avoidance and, with respect to HRM, to different types of work organization in the factory, recruitment practices, and workforce selection, and HR development but also remuneration systems (Ferner & Quintanilla, 1998; Ferner, Quintanilla, & Varul, 2005). Close to the concept, Brookes and colleagues (2011) found that labor relations factors have more explanatory power than cultural factors on HRM differences across Europe.

A similar but more general differentiation is delivered by the concept of divergent models or varieties of capitalism. It mainly refers to the different regimes, mechanisms, policies, and strategies to coordinate the economy and to the various economic actors. Two central types are “liberal market economies,” similar to an Anglo-Saxon model of capitalism in which markets play a central role in the coordination of the economy, and the so-called “coordinated market economies,” in which the state or intermediaries like associations of actors take on roles as powerful coordinators.

Some authors have found a respective impact of these different institutions on HRM policies of firms (Farndale, Brewster, & Poutsma, 2008; Parry, Dickmann, & Morley, 2008). Moreover, divergence in HRM practices is also supported by an increasing international competition, which fosters the development of a unique resource and knowledge basis of competitive advantages of each firm (Farndale & Paauwe, 2007). Despite some institutional influence to imitate best practices, contingency factors, such as firm size or branch, are also a driver or factor that explains divergence.

The overall discussion therefore tends to see a convergence in the direction and some divergence in contents, functions, or use of concepts. Since the transfer of HRM practices within MNCs only seems to be the main process in which the contradictory trends of convergence and divergence can be observed and explained, the following section considers and summarizes the main factors and elements of a transfer process.

Empirical Findings on Divergence and Convergence of HRM Across Nations

Empirical data on the state and trends of HRM practices worldwide have pointed to quite different results. Starting from the U.S.-based concept of HRM, a number of similar practices of people management can be found in countries all over the world and in many types of organizations. Several authors have pointed to converging trends of “Americanization” (Ferner, Almond, & Colling, 2005) or “Anglo-Saxonisation” of HRM practices (Ferner & Quintanilla, 1998; Poutsma, Ligthart, & Schouteten, 2005). The latter found, for example, a U.S.-based MNC effect in the case of the narrow-based executive type of share (option) schemes in continental Europe.

Longitudinal studies on European HRM practices show, despite national differences, an overall tendency of national convergence and of directional convergence at the European level for larger private-sector firms between 1992 and 2004 (Brewster, Wood, & Brookes, 2008; Mayrhofer, Brewster, Morley, & Ledolter, 2011). It means that a similarity of increasing or decreasing use of practices across the countries has been observed. Carr and Pudelko (2006) have found some tendency of convergence between overall management practices for the United States, Japan, and Germany, particularly between Germany and the U.S. Compared with management practices in the fields of strategy and finance, most convergence took place within HRM, where imitations of worldwide “best practices” have been more common.

Despite similar trends in HRM practices, many studies also underline country- or culture-specific selection, use and adaptation of philosophies, concepts and instruments of HRM. For Europe, the Cranfield Network on International Human Resource Management (Cranet) contributes in a unique way to the comparative and longitudinal research on developments in HRM. It discovers country-specific differences and developments in function, task focus, use of instruments and organization of HRM in European enterprises (Mayrhofer, Brewster, Morley, & Ledolter, 2011).

Fey, Morgulis-Yakushev, Park, and Björkman (2009) show considerable differences between HRM practices and performance for Russia, Finland, and the

United States. Ferner, Almond, and Colling (2005) reveal differences in HRM practices of Spanish and UK subsidiaries of German multinationals, and Meardi, Marginson, Fichter, Frybes, Stanojevic, and Tóth (2009) analyze the differences in the adaptation of HRM concepts and practices through Central and East European firms. Parry, Dickmann, and Morley (2008) underline that North American-owned MNCs vary widely in their HRM practices, depending on whether they are operating in liberal market economies like the UK or coordinated market economies like Germany.

Delmestri and Walgenbach (2009) point to different factors involved in the adoption of the assessment centers in French, German, Italian, UK, and U.S. multinational firms. Moreover, Farndale and Paauwe (2007) and Myloni, Harzing, and Mirza (2007) have also highlighted corporate-level factors, such as the competitive position, within different HRM practices.

Special Influence of Expatriates and the Transfer Process on Established HRM Practices

Expatriate managers have been seen as key actors to transfer and establish HRM practices, norms, and standards in foreign subsidiaries. This also includes the implementation of respective structures to coordinate and control the subsidiaries in line with the HRM strategy of the parent company. Therefore, they contribute to a convergence of HRM practices within the multinational company and to the spread of relevant practices across the world.

However, due to a strong focus on transfer and adoption of proven practices, the theoretical concepts and empirical studies have partly underestimated that the expatriates with their values and interests become much more vital in contextual settings in which imported management instruments and practices often have a completely different meaning and impact beyond original expectations. This also holds true for HRM practices (Delmestri & Walgenbach, 2009; Ferner, Almond, & Colling, 2005; Minbaeva, Pedersen, Björkman, Fey, & Park, 2003; Myloni, Harzing, & Miraz, 2007) and supports at the same time a process of divergence of HRM practices.

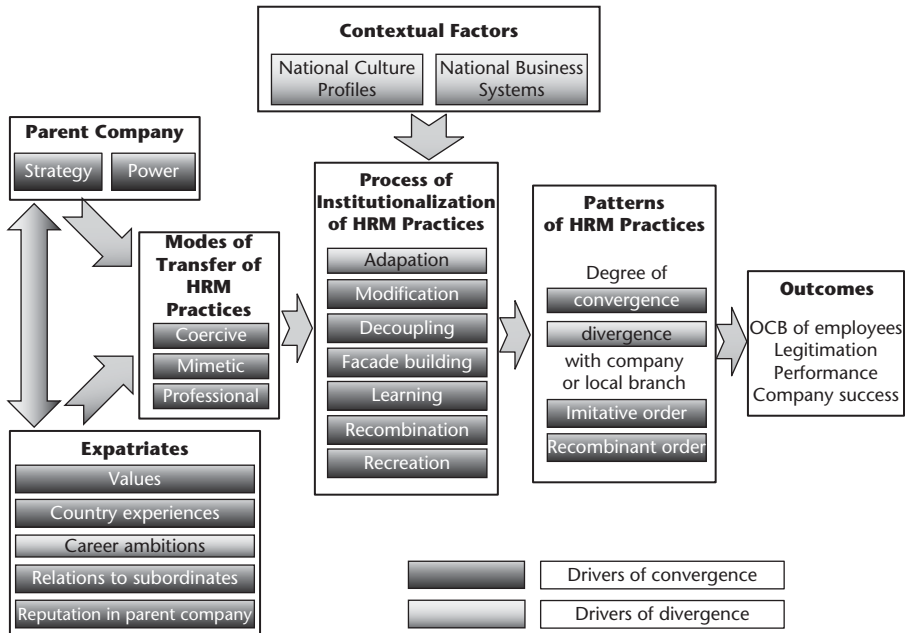
The development of HRM practices in subsidiaries of MNCs, joint ventures, or firms with other forms of foreign participation seems to have, moreover, a strong impact on the further process of institutionalization of HRM practices, especially in developing or transforming countries. This becomes particularly visible if the foreign assignment is strategic and supported by expatriate managers and will contribute to a convergence of used HRM practices within the receiving country or at least the branch level.

An analysis of existing theoretical concepts and empirical results of the process of transfer, institutionalization, and implementation of HRM practices in subsidiaries of multinational firms leads to a number of explanatory factors for convergent as well as divergent practices that have to be taken into account (see Figure 20.1):

- A first group of factors is connected with the national and local context of HRM, such as national cultures, business systems of both the country of the parent company, and the country of the subsidiary. The larger the cultural and institutional distance between the country of the parent company and the country of the subsidiary, the more the HRM practices may show a trend to divergence (see, for example, Brookes, Croucher, Fenton-O’Creevy, & Gooderham, 2011).
- Contextual factors at the organizational level, for example, dependency of the subsidiary on resources of the parent company, strategy of the parent company with respect to country and subsidiary (see Ferner, Almond, & Colling, 2005; Gooderham & Nordhaug, 2006; Paik & Sohn, 2004; Yu, Wong, & Chiao, 2006), mainly trends to convergence, at least within the MNC. Although a competitive orientation of the whole company may support divergent practices with respect to other companies in the country, region or worldwide.
- Personal and social factors established around the expatriates, their power position and sources, values, career ambitions, and relations to their subordinates (Minbaeva, Pedersen, Björkman, Fey, & Park, 2003; Myloni, Harzing, & Mirza, 2007; Steger, Lang, & Groeger, 2011) seem to support more divergence than convergence. Expatriates do have a certain space for action within the foreign, often unpredictable surrounding, which they know better than everybody else in the MNC.

These factors influence the modes of transfer of HRM practices, as well as the process of implementation of HRM practices. The processes of transfer lead finally to different reactions within the firm, such as adaptation, modification, re-interpretation, re-combination, re-creation, or even the emergence of new HRM practices worldwide (Björkman & Lervik 2007; Steger, Lang, & Groeger, 2011). Finally, a respective pattern, state, or order of HRM practices can be observed in a company or firm. They display more or less similarities or differences, convergence or divergence of the HRM practices to the pattern in the parent company or the local branch. They can be characterized as an imitative order, if close to practices in the parent company, or recombinant order, if it is a learned mixture and modification of parent company practices and local accepted practices. Corporate battlefields, finally, are conflicting orders whereby both practices are not in line, provoking permanent discussions and problems. We can finally assume some consequences for

FIGURE 20.1. FACTORS AND MODE OF TRANSFER IN INSTITUTIONALIZATION OF HRM PRACTICES IN MULTINATIONAL FIRMS



Adopted and modified from Steger, Lang, and Groeger, 2011

the outcome in terms of organizational commitment behavior of followers (OCB), legitimacy, or company success.

While recombinant orders are more successful in all terms, imitative orders provoke more conflicts with local environment and OCB, and the more serious conflicts between parent and local interests may also be a danger for company success. Therefore, the practice of multinational corporations often shows both tendencies:

- A tendency of active enactment of convergence in fields like management development, succession planning, performance management, or equal opportunity such as diversity, health and safety, HR planning, compensation
- A tendency to accept divergence, mainly in fields more close to national cultures and institutions such as recruiting, placement, personnel development, and co-determination

Figure 20.1 sums up our discussion.

Conclusion

Although international HRM seems to show some tendencies of directional convergence through forces of globalization and the impact of MNCs, worldwide competition as well as the different national cultures and business systems seem to form a strong counterforce of convergence. This is supported by the various actors, expatriates, and locals at the micro level of organizations, with their respective influence on the process of transfer and implementation of HRM practices. Especially multinational corporations contribute to both tendencies, through a mix of convergent practices and the controlled acceptance of divergent practices.

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CHAPTER 21

CLOSING CRITICAL SKILLS GAPS

The Case for Engagement in Regional Workforce Development Initiatives*

Pamela Loughner

ABSTRACT

This chapter presents the case for HR professionals to become familiar with and engaged in regional economic and workforce development initiatives. It explains how the goals of these initiatives are aligned with goals of HR professionals as they perform the role of talent manager. In that role, HR professionals are responsible for finding and aligning talent needed by an organization now and in the future to help the organization create a competitive advantage.

*The author would like to thank Emily Stover DeRocco for sharing her expertise and views on regional economic and workforce development initiatives during the writing of an early draft of this chapter. Ms. DeRocco served as the assistant secretary for employment and training in the U.S. Department of Labor from 2001 to 2007. Under her leadership, the Employment and Training Administration (ETA) sponsored WIRED (Workforce Innovation in Regional Economic Development), an initiative that helped regional economies across the United States grow through talent development.

Introduction

In 2007, the Society for Human Resource Management (SHRM) sponsored the fifth iteration of the Human Resource Competency Study (HRCS). Conducted in five-year intervals since 1988, the study provides a comprehensive model of the HR profession at a moment in time, as well as providing insight into how the profession has changed during the last twenty years. In the latest study, a new competency domain was identified—that of talent manager/organization designer. In the role of talent manager/organization designer, HR professionals are responsible for finding and aligning talent needed by an organization, now and in the future, developing talent, shaping the organization, and designing rewards systems to effectively attract and develop talent. The five other competency domains identified as key to helping organizations develop capabilities that create competitive advantage were credible activist, culture and change steward, strategy architect, operational executor, and business ally (Ulrich, Brockbank, Johnson, Sandholz, & Yonger, 2008).

The emergence of talent manager as a competency domain signals that members of the HR profession who responded to the survey are attuned to current business issues and market dynamics. The concept of talent management can be traced back to what many view as a landmark study conducted by McKinsey & Company in the late 1990s, resulting in a publication titled “The War for Talent” (Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998). In conducting the study, McKinsey & Company researchers worked with human resource departments of seventy-seven large companies based in the United States to understand their talent-building philosophies, practices, and challenges. The study concluded: “Companies are about to be engaged in a war for senior executive talent that will remain a defining characteristic of their competitive landscape for decades to come. Yet most are ill prepared, and even the best are vulnerable” (p. 46).

While the McKinsey & Company research focused on the shortage of executive talent, it is not the only shortage of workers that exists. In early 2011, as the U.S. economy is recovering from the most severe economic recession since the Great Depression, there is a shortage of skilled workers in many industries. According to the U.S. Department of Labor, these include, but are not limited to: healthcare, information technology, law enforcement, wireless and broadband deployment, advanced manufacturing, and biotechnology—industries that are in demand and for which jobs are available because of a lack of well-qualified workers. Many occupations are being transformed by technology and require workers to have increasingly complex skill requirements (U.S. Department of Labor, 2011b).

This chapter presents the case for why HR professionals should become involved in regional workforce development initiatives. It begins by highlighting key trends that will lead to future workforce challenges and opportunities in the United States. Following this, it provides an introduction to regional economic development initiatives—initiatives that focus on making a region more competitive and attractive to business and industry. Finally, it provides HR professionals with basic information about regional workforce development initiatives that they can use as a foundation to conduct research about initiatives in their respective regions. Becoming involved in regional workforce development initiatives is a means by which HR professionals can help ensure that a pool of well-qualified workers is available at the present time and in the future, while at the same time supporting the local economy.

President Obama, in remarks delivered during the opening plenary session of the first-ever White House Summit on Community Colleges held on October 5, 2010, stated, “We are in a global competition to lead in the growth industries of the 21st century. And that leadership depends on a well-educated, highly skilled workforce. We know, for example, that in the coming years, jobs requiring at least an associate’s degree are going to grow twice as fast as jobs that don’t require college.” Later in the speech, he remarked, “So it was no surprise when one of the main recommendations of my Economic Advisory Board—who I met with yesterday—was to expand education and job training. These are executives from some of America’s top companies. Their businesses need a steady supply of people who can step into jobs involving a lot of technical knowledge and skill. They understand the importance of making sure we’re preparing folks for the jobs of the future” (The White House, 2011).

The shortage of qualified workers is not a partisan problem. Nor is it a new problem. The Council on Competitiveness, a group of CEOs, university presidents, and labor leaders committed to driving U.S. competitiveness, was founded in 1986 to address the competitiveness challenges faced by the United States and bring them to the forefront of national consciousness. In 2008, the Council on Competitiveness published “Thrive. The Skills Imperative,” a report that highlights key trends that will lead to future skills challenges and opportunities in the United States. The report asserts that we are in a time of turbulence and transition that is driven by globalization, technology change, volatility in global energy, slowing growth of the U.S. workforce, a lack of adequate reading and math skills among new U.S. workers, growing competition from skilled workers around the world, and the ability to locate business operations around the world—wherever the right skills, infrastructure, and incentives exist (van Opstal, Evans, Bates, & Knuckles, 2008).

The report calls for a national skills agenda that includes four key strategies: (1) meet the demand for middle skills, (2) build service economy skills, (3) compete for innovation advantage, and (4) create skills for sustainability. Each is briefly described below.

Meet the Demand for Middle Skills

Middle-skilled jobs do not always require a college degree, but most require training, technical sophistication, and initiative. Examples include aircraft mechanics, radiation therapists, criminal investigators, and industrial machinery mechanics, engineers, accountants, and auditors, and elementary and middle school teachers. According to the report, approximately 40 to 45 percent of all job openings in the United States are in the middle-skilled occupations. Another benefit of these jobs is that they pay well and do not off-shore easily.

Build Service Economy Skills

More than three-quarters of all jobs in the United States are in the service economy. While service jobs are often viewed as low-skilled, low-wage jobs, more than 30 percent of service jobs are professional, technical, managerial, and administrative. Examples include software engineers, architects, doctors, educators, human service workers, and accountants. The report also points out that companies that traditionally sold products are now bundling services to generate revenues throughout a product's lifespan. This growth in value-added services is adding to the demand for higher-skilled and more educated workers who are able to problem solve, communicate, relate to customers, collaborate on teams, and work with technology.

Compete for Innovation Advantage

In the new global economy, the United States must compete for competitive advantage. Other countries have been successful in developing technical talent in large quantities, attracting higher-value investment and building local industrial capacity in cutting-edge technologies and services. The report argues that the margin of advantage will emerge from the fusion of cutting-edge capabilities with entrepreneurial, creative, and interdisciplinary talent and emphasizes the importance of continued funding to the America COMPETES Act of 1997, which supported STEM (science, technology, engineering, and math) initiatives designed to graduate more scientists and engineers.

Create Skills for Sustainability

The shift toward sustainability will become a more important determinant of global hiring and investment. The need to reduce carbon footprint and achieve higher resource productivity could determine where corporations establish

operations. As such, where jobs are created will depend in large part on which countries anticipate opportunities to attract businesses and take steps to educate and train workers to prepare for opportunities (van Opstal, Evans, Bates, & Knuckles, 2008).

Organizations that recognize that the “war for talent” extends beyond the C-suite have expanded the scope of their succession plans. A research study conducted in 2010 by the American Society for Training and Development (ASTD) found that 24 percent of organizations are including technical levels in their succession planning process, and 30 percent are including professional levels (ASTD, 2010, p. 19).

Key reasons for adopting a formal succession planning process have also expanded beyond identifying and preparing future leaders. Forty-six percent of respondents identified “address projected talent shortages” as a reason to adopt succession planning, and 35 percent identified “deal with a skills gap among employees” as a reason (ASTD, 2010, p. 11).

Businesses attract talent by creating a winning employee value proposition. According to the McKinsey & Company (Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998) research, companies with superior employee value propositions have a compelling answer to the question, “Why would a talented person want to work here?” The study found that some of the most compelling reasons for superior talent to be attracted to a company included: company values and culture, well managed, freedom and autonomy, exciting challenges, career growth and advancement and strong performance (p. 50).

Just as stronger employee value propositions translate into a stronger pull on talent, healthy regional economies are able to attract new businesses to a region. A report published by the Council on Competitiveness (Porter, 2001) synthesized studies of five regional economies to identify implications for any region that wants to improve its economic performance and drive innovation. The report explains that the nation’s ability to produce high-value products and services depends on the creation of regional clusters of industries that become hubs of innovation.

Porter identified key factors that were a basic ingredient to the success of any regional economy: a strong physical infrastructure, quality primary and secondary education, excellent universities and specialized research centers, specialized talent, a business-responsive government, and efficient coordination among local political jurisdictions. Each is briefly described below.

A Strong Physical Infrastructure. A strong physical and information infrastructure is a baseline requirement and includes factors such as highways, airports, railroads, water and power supply that support the movement of people, goods and services, and the quality of life of citizens.

Quality Primary and Secondary Education. A strong K-12 education system is important for developing local talent and attracting outside talent. Quality of education is important because it establishes the baseline of talent for entry-level jobs and a pool by which to develop specialized talent to support business needs.

Excellent Universities and Specialized Research Centers. Universities and specialized research centers are the driving force behind new ideas and technology. They institutionalize entrepreneurship, thereby providing needed support for innovative thinking.

Specialized Talent. Specialized talent and training are more important than abundant labor to business executives. Regions with an abundance of specialized workers offer advantages to companies that other regions cannot. Four reasons were cited: a mass of specialized workers appears because specialized training institutions already exist; companies in a regional industry cluster offer specialized training to their workers; outside companies are attracted to the region because of the labor and their relocation brings more specially trained workers to the region; and people from outside the region who have the specialized training are more willing to move to the region because there are more employment opportunities.

A Business-Responsive Government. Government can have a significant influence on the business environment, both positively and negatively. Government can have a positive role when it speeds up regulatory approvals and simplifies compliance procedures, supports local entrepreneurial activity, and serves as a catalyst between government and business communities to create the groundwork for collaboration.

Efficient Coordination Among Local Political Jurisdictions. A key to successful regional development is a long-term vision for growth and a shared understanding between leaders in the public and private sectors. The challenges faced by communities, including transportation, education, workforce development, zoning, and housing requires a systemic rather than fragmented view of the issues (Porter, 2001).

According to Porter, the most influential organizations affecting regional economies are government (federal, state, and local), universities and research institutes, institutes for collaboration, and businesses. Porter established an action agenda for each organization. To support the development of a regional economy and industry cluster, Porter suggests businesses do the following:

- Recognize the importance of location to competitive advantage.
- Take an active role in improving the competitive environment in the region, including communicating needs for talent, ideas, and patents to local universities, research institutions, and training centers.

- Actively participate in the identification of common concerns and opportunities for mutual gain including innovative supplier capabilities, new buyer needs, and regulations.
- Support recruitment activities of local chambers and other regional development organizations to recruit companies to the region that will fill missing niches in the cluster.
- Contribute to programs that support new ventures that will add value to the cluster. Examples include mentoring programs, access to capital, and specialized services.

One way that HR professionals can act on the action agenda established by Porter is to become knowledgeable about and involved with their regional workforce investment board (WIB). The Workforce Investment Act of 1998 (WIA) created state and local workforce boards, which are a part of the public workforce system. As described by the U.S. Department of Labor, the public workforce system is in place to support economic expansion and develop the talent of the nation's workforce. While the public workforce system is federally funded, most of the services for business are available at the state and regional levels.

There are two types of workforce investment boards required under the law. State WIBs, appointed by the governor, are responsible for developing a unified plan for the development and continuous improvement of statewide activities. Local WIBs are responsible for coordinating WIA-funded activities with economic development strategies and promoting the participation of private employers in the public workforce system. Membership of the local WIB is specified under the Workforce Investment Act and includes representatives from business, education providers, organized labor, community-based organizations, economic development organizations, and "one-stop" partners. One-stop partners are locally managed access points for employment-related and training services. By law, more than 50 percent of each workforce investment board is comprised of employer representatives from the community (U.S. Department of Labor, 2011a).

Both state and local WIBs are in a position to develop industry partnerships that can focus on workforce development efforts in a specific region. These partnerships are in a position to bring together stakeholders from education (including community colleges), labor, economic development, and private industry to collaboratively develop solutions to bridge the skills gap. This author's professional experience with industry partnerships includes conducting skills gap analyses for two industries in the five-county Philadelphia region, the construction industry, and the information technology industry. Each skills gap analysis

identified the need for training and other workforce development programs based on anticipated growth of the industry, workforce demographics, trends and innovations, training program availability, training demand by incumbent workers, and other factors. Each provided direction about how resources could best be leveraged to support the development of a skilled workforce to meet current and future demand.

Developing a relationship with community colleges, local WIBS, and economic development organizations positions HR professionals to apply for job training grants with community-based organizations. One example of a federal grant is the \$125 million in community-based job training grants awarded in 2010 to forty-one community colleges and organizations. Individual grants ranged from \$1 million to nearly \$5 million for training in such areas as healthcare, wind energy, manufacturing, health IT, cyber security, and natural gas drilling and production. Grants such as this are used to promote job training, education, and develop the U.S. workforce (U.S. Department of Labor, 2010b).

Depending on the grant, funding can be provided for curriculum development; developing qualified instructors through train-the-trainer activities; leasing space for education and training activities; using subject-matter experts from industry to assist in curriculum design; and performing assessments of participants skill levels, competencies, and supportive service needs. By exploring opportunities for workforce development through federally funded programs, HR professionals can help their companies develop the talent they need to be competitive in the 21st century through community-based efforts.

Once an HR professional has familiarized him- or herself with the local WIB, The U.S. Department of Labor suggests the following three-step process for exploring partnership opportunities:

1. Perform an assessment to determine your company's or division's largest workforce challenges, areas of opportunity, and existing or potential partnerships. Keep in mind how you recruit workers, train and develop staff, and your HR structure.
2. Based on your assessment, create a snapshot of your company or division that can be shared with partners in the public workforce system. Valuable information includes size and extent of operations, jobs in greatest demand and their wages, career ladders in use in the company, the HR structure, and key contacts.
3. Gain an understanding of the public workforce system, economic development, and other resources in your areas. In addition to identifying what your organization can gain from partnering, you should also consider how you can support the partnership.

Conclusion

This chapter presented the case for HR professionals to become involved in regional workforce development efforts. An important role of the HR profession is to help their organizations develop capabilities that create a competitive advantage. As talent managers, HR professionals find, align, and develop talent needed by an organization at the present time and in the future. Until recently, most of the focus on talent management has been on C-suite” executives or senior executive talent.

In recent years, however, the focus on talent has expanded to include professional and technical levels, due in large part to the growing skills gap in the U.S. workforce. During a period when 25 percent of students don't finish high school, jobs requiring an associate's degree are going to grow twice as fast as jobs that don't require college.

The HR professional's goal of attracting superior talent to the organization is closely aligned with the goal of regional economic and workforce development organizations to attract talent and businesses to the region. Regional economies are able to attract businesses to a region when there is a strong physical infrastructure, quality education opportunities, excellent universities and research centers, a business responsive government, and specialized talent.

In light of this, HR professionals, and the companies for whom they work, can support the work of regional economic and workforce development organizations, while at the same time create a competitive advantage for their own companies. HR professionals can accomplish this by communicating their need for talent and by working with regional organizations to design and create programs that will develop a pool of talent. This pool of talent will help their organizations and the regions in which they operate be more competitive in the new global economy, encouraging future growth and prosperity.

A good place for the HR professional to begin to learn about regional economic and workforce development initiatives is through their local workforce investment board. Becoming involved with the WIB will also make it possible for the HR professional to have a voice in how federal funding is allocated in the region or regions in which their companies are located.

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CHAPTER 22

EMPLOYEE ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Philip H. Mirvis

ABSTRACT

This chapter looks at a new framework for employee engagement and its practical applications and benefits for communities and corporations. The focus is on engaging employees as citizens—members of a community, society, and planet—to enable them to express their “full selves” in and through their organizations. Practical examples of engagement through service learning in executive development programs and innovative corporate-community volunteerism highlight how this can deepen employees’ identities as corporate citizens and yield benefits for their firms.

Employee Engagement and CSR

Most companies today are doing something to engage their employees. The “war for talent” has seen employers pitch starting bonuses, flexible hours, challenging projects, the latest mobile technology, and amenities ranging from a concierge service to health club memberships in hopes of attracting young talent and

retaining “high-potentials” who might otherwise look elsewhere. This is certainly a step up from treating employees like expendable parts that could be replaced without a second thought. And it works: but only up to the point that another employer offers the same or better incentives or until the economy goes into recession and employers cut out the frills.

Over the past few years, corporate social responsibility (CSR) has been heralded as a new “tool” to recruit and retain employees. Why? Cone Inc. (2006) found that three of four of the Millennial generation (born 1978 to 1998) want to work for a company that “cares about how it impacts and contributes to society.” Cone also found that, among those already in the workforce, nearly seven in ten say that they are aware of their employer’s commitment to social/environmental causes, and 65 percent say that their employer’s social/environmental activities make them feel loyal to their company.

HR Is CSR

Companies recognize the importance of employee relations for their overall reputation and license to operate. It’s well documented that how employees are treated is the “litmus test” for how the American public evaluates its corporations. In GolinHarris (2006–2010) surveys of the U.S. public, for each of the past five years perceptions of whether or not a company “values and treats employees fairly and well” has been the number one factor in ratings of companies as corporate citizens, more so than their corporate philanthropy, community involvement, and environmental performance.

Certainly there are many more good reasons why companies should treat employees fairly and well, ranging from simple decency to competitive advantages in recruiting and retention to effective human resource management. Connecting HR to corporate social responsibility, however, puts a public spotlight on employee relations and highlights its linkage to brand equity, customer relations, and the well being of society.

As an example, Pitt-Catsoupes and Googins (2005) contend that work/family support is a corporate social responsibility because the way firms respond to the needs of working parents has implications for children and elders they might care for and broad ramifications throughout society. Of course, a case can also be made that job stress, work hours, compensation, health care coverage, and job satisfaction are also CSR issues (Pfeffer, 2010). On the HR/CSR front, the Dutch bank ABN Amro publishes detailed results of its employee surveys in its annual social report.

Employee Engagement

Countless studies point to an “engagement gap” in business today. A Towers Perrin (2007) study of ninety thousand employees in eighteen countries found that only 21 percent report being fully engaged on the job. The rest are either simply enrolled (41 percent), disenchanted (30 percent), or disconnected (8 percent). In turn, the Gallup Employee Engagement Index (2009) reported that only 33 percent of workers are engaged in their jobs, 49 percent are not engaged, and 18 percent are actively disengaged. The Gallup Organization defines these categories as follows:

- Engaged employees work with passion. Because they feel a strong connection to the organization, they work hard to innovate and improve.
- Not-engaged employees do the work expected of them, but do not put in extra effort.
- Actively disengaged employees aren’t just unhappy, but are spreading their unhappiness to other staff.

In a related study, Gallup researchers found that companies in the top 10 percent on employee engagement bested their competition by 72 percent in earnings per share during 2007–2008. For companies that scored beneath the top quartile, earnings fell 9.4 percent below their competition.

As appealing as these findings sound, it should be noted that the concept of employee engagement is itself subject to a great deal of debate among HR scholars. Gallup, for example, computes its Employee Engagement Index from a battery of twelve questions that ask people about their satisfaction with their company, job, supervisor, work group, career, and their relationships with customers/clients. Macey and Schneider (2008), reflecting on this satisfaction equals engagement concept, point out that it does not incorporate (or measure) a full range of psychological engagement “states” including, for example, employee’s activation, involvement, empowerment, or commitment. Nor does it encompass “behavioral” engagement: initiative, role expansion, adaptation, and going beyond what is typical, usual, and ordinarily expected. Thus, it is difficult to decipher to what extent the earnings-per-share results of high versus low engagement companies are attributable to engaged employees or simply to good management.

That said, there is growing evidence that CSR can boost organizational identification and commitment among employees today. Surveys find a strong correlation between employee’s commitment to their organization and how they rate its social responsibility (Brammer, Millington, & Rayton, 2007; Stawiski, Deal,

& Gentry, 2010). Other field studies have measured both attitudinal and work behavior changes of employees who participated in their respective companies' community outreach programs. Findings show that employees involved in philanthropic initiatives showed a statistically significant increase in their sense of identification with their respective companies. This increase was also correlated to an improved job performance (Bartel, 2001, Jones, 2007).

In addition, CSR can be a recruiting aid: a 2008 study at Stanford Business School suggests that CSR can provide incentives that are potentially even more alluring than money. The study found that more than 90 percent of the MBAs in the sample were willing to forgo financial benefits in order to work for an organization with a better reputation for corporate social responsibility and ethics (Snyder, 2010).

How about on the behavioral side of engagement? The results from a consumer goods survey found that "employee engagement in CSR led to pride in the company, which in turn was positively related to employee performance and negatively to intention to quit . . . [and] positively related to customer focus and pro-company citizenship behaviors." The authors of the study, Bhattacharya, Sen, and Korschun (2008) argue that CSR "humanizes the company in ways that other facets of the job cannot," adding, "a paycheck may keep a person on the job physically, but it alone will not keep a person on the job emotionally."

Engaging Employees as Citizens

A larger question centers on whether or not satisfaction equals engagement is the right frame for thinking about how CSR engages employees. What do working people want from their jobs and organizations? Typically, this is framed, ala Abraham Maslow, in a hierarchy of needs that concerns basic needs of survival and security, then social needs, then "higher order" needs involving self-esteem and self-actualization. Many top companies today respond to the higher order needs of their better educated employees through interesting work, involving them in decisions, giving them more autonomy and a chance to "express themselves" in the workplace. And these are strong predictors of psychological and behavioral engagement.

On this count, Adam Grant (2007) reviews evidence that makes a strong case for "relational job design" that enables people to express their prosocial motives by making "positive difference" in other people's lives. Several of his field studies connect this specifically to CSR by documenting how engaging employees in community service gave them an opportunity to support others which, in turn, strengthened their organizational commitment. In a felicitous turn of the phrase,

Grant, Dutton, and Russo (2008) make the point that linking CSR to engagement is about employees “giving” rather than “receiving.”

There is no doubt that CSR is of interest to employees, and its appeal is by no means limited to the Millennial generation or any particular demographic group. In its studies, the Center for Creative Leadership found no differences between men and women or between different generations in their interests in society responsibility in their companies (Stawiski, Deal, & Gentry, 2010). Moreover, the Reputation Institute (2006) found that, on average, 75 to 80 percent of those polled in some twenty-five countries would “prefer to work for a company that is known for its social responsibility.” Interestingly, while social responsibility ranks as a significant driver in attracting employees in the United States, it is even more important in India, South Africa, and China.

Does this mean that employees *need* CSR from their companies to be engaged? My own research contends that this is the wrong question: no doubt other workplace motivators could substitute and employees could find other ways to express their pro-social aspirations off the job. Instead, my hypothesis is that CSR can help to enrich and expand people’s sense-of-self in the workplace and, in so doing, their identification with their organization (Googins, Mirvis, & Rochlin, 2007).

This idea took shape several years ago in identity theory when it was posited that people think of themselves and embody identity in the form of gender, race, ethnicity, and, of course, their life roles, whether student, parent, and so on. Some of these identities, such as gender, race, and sexual orientation, have been the subject of consciousness raising in society and in companies as well. In top companies today, for example, employee diversity is valued not only as an HR driver, but as a source of fresh ideas, as a means of mirroring and serving the multicultural marketplace, and as source of learning and effectiveness, as David Thomas and Robin Ely (1996) point out in their analysis of diversity in corporations.

The logic of engaging employees as citizens extends beyond meeting “me” needs. It aims to engage employees in their “fuller selves.” This means recognizing, validating, and enriching people in their multiple identities—as employees, to be sure, but also as parents, community members, consumers, investors, and co-inhabitants of the planet.

Why Add CSR to Employee Engagement?

Why would a company concern itself with and seek to activate people’s identities as citizens of a corporation, community, society, and planet? One reason is that when employees find that their company welcomes the full range of their interests and aspirations, including, for instance, a personal desire to serve society and/or

protect the planet, they feel welcome to bring their “whole selves” into the workplace. This yields more commitment to one’s work, a deeper connection to a company, and a broader sense of meaning associated with one’s job and employment.

As an example, leading CSR companies regard employees as important stakeholders who express their voices not only in employment policies and practices, but on social issues related to employment. These firms have diversity councils, work/family forums, and associations of minorities, women, and gay/lesbians, whereby employees can share common interests and advocate for their concerns. These affinity groups not only provide input to and feedback on company policies and practices, but they also influence public positions taken by their firms. Witness, as an example, the increasing number of companies in the United States taking an affirmative stand on gay rights or joining forces with other firms in a coalition of businesses, Corporate Voices for Working Families, to promote work/family balance.

A second reason is that when employees feel free to bring these multiple identities into the workplace, they become a microcosm of the markets and societies in which a firm operates. Recognizing this, top companies like IBM in its Innovation Jams and Nokia in its World Map exercise, regularly consult with employees on social trends and factor their ideas not only into employment policies, but also into corporate social investments, business innovations, and their overall socio-commercial agenda.

A third reason is that employees take these identities, whether enhanced or diminished by their companies, into society and the market. Studies find that the prime source of information about the citizenship of companies comes via word of mouth. Employees whose aspirations to live and work responsibly are fulfilled through their companies thereby serve as effective brand ambassadors for their firms through their word-of-mouth commentary. They also produce social capital—a web of positive relevant relationships—that connects their companies to other stakeholders and the public at large.

Finally, employees who feel empowered as citizens produce social value through their volunteer service, their jobs, products, and services, and the enriched understandings of corporate citizenship that are shared with friends, a subject of debate among colleagues and critics, and ultimately passed on to their children.

Engaging Employees Through CSR: Volunteerism

Leading companies actively engage their employees in CSR programs. Often this takes the form of volunteerism, especially relevant for American employees, but of increasing interest to working people around the world. Bea Boccalandro

(2009) has identified, through an assessment of two hundred of the Fortune 500 companies, a set of best practices in this area:

- *Cause effective configuration*: focus on causes germane to the business; leverage skills and other company assets (commercial products); partner where appropriate with a nonprofit service arm. All this makes community service seem “serious” rather than a “day off” to employees.
- *Strategic business positioning*: integrate volunteerism into the larger CSR thrust of the company; connect to business goals; manage the volunteer service effort professionally. This ensures that employee volunteerism “makes a difference.”
- *Sufficient investment*: add treasure to talent.
- *Culture of engagement*: encourage and support volunteerism; senior management modeling; middle management buy-in. This makes community service something that “we all do.”
- *Strong participation*: large numbers; paid time off; media coverage. This sends a message that volunteerism matters.
- *Actionable evaluation*: track numbers, hours; feedback from volunteers and those they serve; business and social outcome measurement. Excellence matters, too, not just “showing up.”

Employees Serving Society: IBM “On Demand” Volunteers

IBM exemplifies these principles in its On Demand Community of volunteers. In early 2000, as the company shifted its primary focus on reinventing education to serving society on many fronts, it also revamped its model of employee volunteerism. As CEO Sam Palmisano described it: “No company can mandate volunteerism. The decision and self-sacrifice comes from within the individual. What we can do is encourage and support this distinctive aspect of our culture by providing education, technology, funding, and recognition to tens of thousands of IBM colleagues who enrich their communities with their expertise and caring.” Three aspects of this redesign are especially relevant here.

First, it unleashed IBMers to reach out to their communities or society more broadly and in personally relevant and meaningful ways. The message to employees was simple: Pursue your passions. This opened up service options that would range from volunteering in a social service agency to getting a team together to assist a nonprofit or community group to participate in MentorPlace, where thousands of IBM employees mentor students online.

Second, it encouraged IBMers to bring their whole selves to service. The message was clear: Serve not only with your own hands and heart, but in particular with your business know-how and the tools and resources of the company. As one

executive described the impact: “Now when people volunteer for a soup kitchen, they’re not just ladling soup, they’re developing a strategic plan for the kitchen. When they work for a Lighthouse for the Blind, they are bringing them a software tool that can convert their website from text to voice.”

Third, the aspiration was to bring this to a global scale. In prior years, there was no central thrust for volunteerism in IBM, and operating companies around the world more or less did their own thing. In 2003, in ninety countries worldwide, IBM launched its On Demand Community program that would bring a new seriousness to the company’s engagement with its employees and society. As Stanley Litow, head of Corporate Affairs and Corporate Citizenship, described it: “It’s more inclusive. It’s powerful. It’s an identity for the company in the community. It’s a way for our employees to live the IBM brand.”

A Call to Social Action: Timberland

Timberland is another company stretching the boundaries of engagement by extending its service arms through its workforce and outward to retail stores and its consumer base. In the early 1990s, City Year, a nonprofit “action tank for national service,” asked Timberland to donate fifty pairs of work boots for its young adults working with youth in after-school programs, summer camps, and serving projects. That request sparked a long-term relationship based on a shared vision of revitalizing the “civic square” that set the boot and apparel maker on a trajectory of community service that would involve everyone from the CEO to corporate and store employees to customers.

The partnership began with a service day for Timberland employees arranged by City Year. Employees from corporate headquarters joined the City Year corps to renovate the Odyssey House, a local addiction-recovery home for adolescents. Based on the power of this experience, Jeffrey Swartz, CEO of Timberland, felt that a stronger connection could be forged between the two organizations. Timberland began annual company-wide service days in conjunction with City Year. It also established its Path of Service, a program that allows employees to take up to sixteen hours of paid leave to engage in volunteer services of their choice.

City Year, a community-based nonprofit founded by two Harvard law graduates, recruits young adults (aged seventeen to twenty-four) who pledge themselves to a year-long commitment of community service in a selected city or community. Its aim is not only to provide support to communities, but also to develop young people’s leadership skills and civic activism. Surveys find that young people of this age in the United States have an interest in volunteerism and a desire to address social issues such as education, poverty, the environment, and so on.

Yet comparatively few have ever contacted a political official, voted in an election, or been actively involved in community-building efforts. City Year set out to change this and has succeeded: Its alumni are 45 percent more likely to vote and 65 percent more likely to volunteer than their peers.

Swartz was chairman of the board of trustees for City Year from 1994 to 2002. He saw the impact of service on his employees and on young people throughout the United States. Timberland thereupon decided to take its “boots, brand, and belief” directly into the market and call its consumers to action. Nowadays, Timberland, with City Year, activates ten thousand consumers and partners in over twenty-five countries in annual service days—one each spring on Earth Day and one each fall entitled “Serv-a-palooza.” Its CSR report card details rates and annual increases in employee volunteerism and in its consumers’ involvement in service. Timberland also houses its own City Year site, home base to twenty-four volunteers, in its corporate headquarters in New Hampshire.

This strategy has created a significant impact on the company’s human resources. A Timberland marketing executive stated: “Many companies pay thousands of dollars for the type of team-building skills we learn through giving ourselves, together. So not only is Timberland furthering positive change and community betterment, we are making an investment in our infrastructure. This is not philanthropy. I firmly believe that the minds we turn here at Timberland explode our productivity and effectiveness.”

Engaging Employees Through CSR: On the Job

There is also budding interest in companies (and certainly among employees) in what might best be called “socially responsible jobs.” Long ago employers learned of the advantages of job enrichment—whether in the form of more variety, autonomy, and challenge or in opportunities for influence over how the job is done. Today a new set of job design questions is coming to the fore: Is the operation green? Are materials or supplies being sourced ethically and sustainably? Are the products produced and services provided harmful, neutral, or helpful to the planet? Does my work contribute to human welfare and well-being? These are the kinds of questions that companies who treat employees as citizens are asking of themselves and are being asked by their people.

Employee engagement via CSR enables employees to affirmatively answer some of these questions. A study by the National Environment Education Foundation (2010) finds that employee education and engagement efforts aimed at “greening” their companies have paid big dividends. So called “green teams” at Lockheed Martin have improved energy efficiency at company sites; at Citigroup,

they've reduced paper waste; and at Kimberly Clark, they've partnered with local hardware stores to increase employees' use of compact fluorescent bulbs in their homes. Wal-Mart, taking this to scale, has 500,000 employees undertaking personal sustainability projects (PSPs).

In addition, leading firms work with outfits like The Natural Step to educate their people about social and environmental responsibilities. Yet, a survey by Brighter Planet (2010) found that more than 85 percent of respondents said their organization promotes employee sustainability in some arena, but less than 15 percent said their employer had an employee sustainability engagement policy.

On the social front, companies such as Unilever, Novo Nordisk, and others are linking employee development to service learning projects (Ayas & Mirvis, 2005). IBM has launched its Corporate Service Corps, which sends teams of employees to work in nonprofits in developing countries. Modeled on the Peace Corps, the program prepares IBMers with an online tutorial on everything from the social mores to geo-political issues of their awaiting culture, engages them in a month of service where they work with counterparts to share their know-how and address social issues, and then helps them to transfer their insights and energy back into the business. This program, now reaching hundreds, links corporate citizenship and leadership development into an integrated employee engagement package that helps both the business and society.

Pfizer and Accenture have been at this since 2003; IBM launched in 2008, and other companies are just beginning their cross-border programs. It's too early to call this a corporate trend but the experiences to date are promising—for the benefit of business *and* society. Here are some of the notable findings:

1. *Programs come in different sizes and shapes.* IBM's program, for example, deploys more than three hundred people annually and involves only a one-month field assignment. Ernst & Young's fellows program is much smaller and focused exclusively on improving small business in Latin America. But its volunteers spend three months in direct service—enough time to personally deliver tangible results. Accenture Development Partnership operates as a nonprofit housed within a profit-making business. The parent company foregoes its margin and provides pro bono overhead, the client pays a small fee, and the employee takes a salary reduction.
2. *Personal development is the number one benefit cited by companies.* Studies by Mirvis (2008) find that global service learning projects can enhance employee's self-awareness, interpersonal skills, and project management abilities. It can also raise their consciousness about social issues and understandings about how business can creatively contribute to equitable economic development. Chris Marquis of the Harvard Business School found significant increases in the cultural intelligence

and emotional resilience of IBMers who participated in global service assignments.

3. *People and projects are keys to success.* Selecting the right people and matching them with the right projects are critical success factors. On the people side, the companies solicit applications directly from employees as well as nominations from their managers. Only top performers need apply. They then participate in a rigorous screening whereby social skills are deemed especially important. On the project end, the challenges are to scope the projects within the available time frames and resources and to build local capacity to supervise the work and deliver results. What is needed from volunteers? Not only their technical skills, but also teamwork and the entrepreneurship to make things happen.
4. *Partners build bridges between companies and clients.* Many of the companies work with nonprofit partners (Digital Opportunity Trust, Endeavor, Australian Business Volunteers, and others) to identify clients, define projects, and handle placement logistics. According to Kate Ahern of CDC Development Solutions, partners with expertise in emerging markets and placing volunteers can accelerate cross-cultural socialization and provide a “soft landing” for a company in a region where it has a limited business presence.

Bottom Line Benefits

When it comes to these global service initiatives, it is the service to clients in need that stirs volunteers and makes any sacrifices incurred all the more worthwhile. The many blog postings and videos produced by volunteers attest to how social service enriched their own identities as next-generation leaders and enhanced their connections to their companies. Indeed, often volunteers stay in touch with their clients and continue to offer counsel via email and Skype chats. There can, of course, be real profits from these programs apart from reputational gains and the prospects of better future leadership. Kevin Thompson, who designed IBM’s program, tells of how relationships with a host government, developed over the course of a local service project, led to a million-dollar business contract (Mirvis, Thompson, & Marquis, 2010).

On the broader front of linking employee engagement with CSR, a study by Sirota (n.d.) found that 75 percent of employees who approve of their company’s commitments to social responsibility are engaged by their jobs, versus 37 percent of those who do not approve. Interestingly, they rate their senior managers more highly and see their company as more competitive, too. The statistics of companies known for their authentic dedication to CSR follow the trend such studies predict. For example, employee turnover at Patagonia, known for its CSR initiatives, is

lower than at competing firms. Annual turnover at their Ventura headquarters in recent years was under 5 percent, and at retail stores was about 20 percent, which is significantly better than the industry average of over 40 percent (Article 13, 2006). Extending this to the bottom line, Fred Reichheld (2001), the CEO of Bain & Co., finds that companies that have the highest employee retention also have the greatest customer retention.

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CHAPTER 23

HUMAN RESOURCE TRANSFORMATION

The Internal Consulting Role

Dayle A. Savage

ABSTRACT

By incorporating a consulting methodology to one's work, the HR professional can affect change and value for the organization. HR professionals who adopt an internal consulting organization framework mirror the strategic mindset of the organization's board and CEO. Using the HR competency model (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2008) as the means for structuring an internal consulting organization, consulting roles and models are explored and illustrated.

Introduction

The transformation of human resources (HR) continues today since the profession recently acknowledged there was tension between HR administrative/transactional and strategic/change agent roles (Beer, 1997; Jamrog & Overholt, 2004; Vosburgh, 2007). The HR function has a long history of offering administrative services (Lawler & Mohrman, 2005, p. 173). In 2008, Ulrich, Brockbank,

Johnson, Sandholtz, and Younger introduced the HR competency model that highlights the intersection between the people or the transactional side of the organization and the business or strategic side of the organization. In the HR competency model, five distinct domains are identified that link to areas of expertise: credible activist (relationships); operational executor and business ally (systems and processes); talent manager/organizational designer; culture/change steward; and strategy architect (organizational capabilities). This model provides the HR professional definitions to develop each competency domain. What is missing is the way to develop these competencies. Consulting skills that have been used effectively by many professional service organizations can be adapted to an internal consulting process for HR professionals to develop the competency domains.

Such a process is important to ensure that the transformation of the human resource function is realized in a way that illustrates its value and benefit to the organization. HR professionals have the opportunity to produce and realize a strategic function; therefore, it is time for the HR function to engage in a consultative approach that creates strategic partnerships throughout the organization for improved organizational performance and effectiveness. Through the consulting approach, processes are introduced that other operational areas, such as finance and marketing, can appreciate. The approach most appropriate for the HR transformation is the practice of consulting, more specifically, internal consulting.

This chapter introduces three consulting areas that permit an internal consulting approach for HR professionals to develop: consulting roles, models, and process steps. Human resource transformation occurs by incorporating internal consulting processes through the HR competencies (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2008). At the same time, the HR competencies are the vehicle by which HR can launch its transformation to an internal consulting organization that demonstrates organizational performance and effectiveness. A review of consulting roles provides a place to begin the development of internal consulting in HR.

The Roles of Consulting

The word “consult,” from the Latin *consultare* meaning “to discuss,” is defined as “to ask advice or opinion or to deliberate together.” A consultant is defined in several ways: a person who is in a position to have some influence over an individual, group, or organization and who, when asked, agrees to use his or her expertise to help narrow the gap between what is known and what is needed or desired (Block, 2000; Bellman, 1990). For a defined period of time, a consultant

can lead others through problem identification allowing for decision making that creates new direction or course correction (Savage, 2005). Individuals in the HR function employ these role definitions in the HR competency domains.

The word “role” has been defined succinctly as “a set of behavioral expectations associated with a given status” (Nelson Thomson Learning, 2001, n.p.). *Status* refers to “a socially defined position in a group or society characterized by certain expectations, rights, and duties” (Nelson Thomson Learning, 2001, n.p.). Therefore, the consultant has a set of behavioral expectations associated with his or her position in an organization that are exemplified by expectations, rights, and duties. Similarly, Lippitt and Lippitt (1986) described the consultant’s role as “spheres of competence rather than as a static continuum of isolated behavior” (p. 58).

Consultants’ roles have been defined on a continuum that ranges from process-oriented to expert-oriented. Process-oriented roles are those that engage the client in matters of fact-finding, information exchange, or change. Expert-oriented roles are those roles that offer collaboration, expertise, or advice (Lippitt & Lippitt, 1986). Some of the more notable consulting roles following the process- to expert-oriented continuum include change agent, coach, facilitator, pair of hands, educator, information specialist, collaborator, expert, and advisor (Block, 2000; LaGrossa & Saxe, 1998; Lippitt & Lippitt, 1986; Savage, 2005; Schein, 1987). Using these roles, a consultant has the ability to influence, inquire, observe, identify, link, solve, and/or evaluate problems and/or decisions. A consultant can utilize one or more of these roles during a consulting engagement, depending on the issue presented.

An HR professional is responsible for the people and practices of the work assigned to individuals. Pairing a consulting role with an HR competency works well to further clarify responsibilities and skill sets needed in the organization. For example, when the competency domain of operational executor (defined as high performers with proficiency, who effectively and efficiently administer the day-to-day work of managing people inside an organization) is paired with a consulting role like information specialist (meaning that thorough knowledge, skill, and professional experience is engaged) or expert (defined as one who gives information and advice), the HR professional can use the consulting role and the HR competency to engage organizational leadership as well as individual contributors in the organization (LaGrossa & Saxe, 1998; Lippitt & Lippitt, 1986).

If the function of HR is to attract, develop, and retain the talent that is needed to ensure the greatest organizational performance; then a variety of consulting roles can be employed to hone the HR professional’s competency set while assisting its internal customers or business partners. Each HR competency domain can be linked to more than one consulting role possibility (Table 23.1). HR has the opportunity to engage in competency and consulting role development with an understanding of role and competency definitions.

TABLE 23.1. HR COMPETENCY DEFINITIONS RELATED TO MULTIPLE CONSULTING ROLES

HR Competency Definitions (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2008)	Multiple Consulting Role Possibilities
Credible Activist—High-performing HR professionals are credible (respected, admired, keep commitments) and proactive (have a point of view, challenge assumptions, take initiative).	Change agent—Consultant teaches client how to learn to perceive, understand, and act upon the process events that occur in the clients' environments in order to improve the situation as defined by the client (Schein, 1987).
Operational Executor—High performers effectively and efficiently administer the day-to-day work of managing people inside an organization.	Coach—Provides motivation and feedback and helps develop others (LaGrossa & Saxe, 1998). Facilitator—Keeps the process moving and on track (LaGrossa & Saxe, 1998). Facilitator (see above) Information specialist—thorough knowledge, skill, and professional experience is engaged (LaGrossa & Saxe, 1998).
Business Ally—High performers understand both the business and external and industry factors that influence success.	Expert—Decisions based on expert judgment are made by the consultant. Data is gathered; consultant plans and implements the main events to solve the immediate problem; consultant responsible for results (Block, 2000). Educator—Creator of learning experiences or a direct teacher, using the skills of a designer, <i>leader</i> and evaluator of the learning process (Lippitt & Lippitt, 1986). Collaborator—Consultant and client share the responsibility for action planning, implementation and results jointly (Block, 2000).
Talent Manager/Organization Designer—High performers are effective developers of both individual employees and the teams and organizations they support.	Pair of hands—Consultant applies specialized knowledge to implement action plans toward the achievement of goals defined by the client who maintains full control (Block, 2000). Expert (see above) Change agent (see above) Facilitator (see above)

(continued)

TABLE 23.1. (continued)

HR Competency Definitions (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2008)	Multiple Consulting Role Possibilities
Culture and Change Steward—High performers understand, respect, and evolve the organization through improvements in HR systems and practices.	Change agent (see above) Educator (see above) Advisor—Gives information and advice (LaGrossa & Saxe 1998).
Strategy Architect—High performers are effective business partners in building winning business strategies, by linking people and organization practices to competitive requirements.	Advisor (see above) Collaborator (see above) Facilitator (see above)

Consulting Models

In order for an organization's HR function to behave like an internal consulting organization, a model that allows for the consultant/client relationship to emerge is necessary. HR organizations that adopt a model to begin the consulting relationship must be prepared to manage the relationship with its internal clients and the problems that those clients present (Block, 2000).

Consulting models provide a method for interaction and inquiry with a client when a technical or business problem is presented. Consulting models include several steps: contracting, collecting data, diagnosing, intervening, implementing, and evaluating (Block, 2000; Bellman, 1990, Cummings & Worley, 1993). These steps follow a logical process to identify and define a problem, reach agreement with the client in terms of the work to be done, collect and analyze data, make recommendations, implement, and evaluate the effectiveness or success of the recommendations. For the HR professional, such a logical model incorporates a process for conversation and commitment with internal business partners.

Contracting is the first step in the consultant's relationship with the client. During this step, the consultant clarifies roles and determines expectations for the consultant and the client during the consulting engagement. At this entry point, the consultant describes the consulting model, identifies the scope and breadth of the project, and gains agreement for next steps. A contract or agreement is

written and signed that outlines the parties' responsibilities for the duration of the project. In addition, a project plan is developed for clarification and clear expectations of roles, responsibilities, deliverables, and due dates.

During the data collection and diagnosis steps the consultant uses varying techniques of questioning and/or investigative tools to analyze the problem presented. The client is highly engaged in this phase of the project. This is a time when meetings, interviews, review, and analysis takes place. The client is informed about progress at every step and adjustments are made accordingly.

It is also a time when role confusion can surface due to the fact that discoveries in this phase can be startling or gratifying to the client. A consultant can be asked to take on more work, depending on these discoveries; therefore, clear agreements, a contract, and an understanding of deliverables are most important to ensure that the work contracted is completed without interruption.

Additional work and issues can be addressed if the client and consultant are willing to amend the existing contract. If the client is unwilling to renegotiate, the possibility is that certain aspects of the initial consulting agreement will not be addressed or additional issues will not be culled out in the best possible way for the client or consultant. This approach is dissatisfying to all involved. Consideration for new work that surfaced during the initial engagement must be discussed with the client when the first contract is negotiated. These clear expectations will provide a degree of trust and respect that is important to any consulting relationship.

The implementation step occurs when the client is confident that there is a prudent solution that is satisfactory to the organization. The organization and its employees become engaged with the implementation through various communication vehicles, learning systems, or personal interactions. Implementation of consulting recommendations can lead to a change initiative. The consultant needs knowledge in organizational change from a variety of perspectives, such as strategy shifts, mergers, acquisitions, and spinoffs, and should have a point of view well beyond structural change (Vosburgh, 2007). The consultant must be ready to adjust roles as required during this step of consulting.

The organization can be volatile as the change is introduced and implemented. Consulting roles can again change based on client needs during implementation. The role of change agent has a blend of political, system, analytic, people, and business skills to accompany the HR competencies of strategy architect, culture and change steward, or talent manager/organization designer (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2005; Vosburgh, 2007).

The evaluation step of any consulting engagement is important for reviewing outcomes, comparing original data collection to the implementation plan,

and attributing a return on investment or expectation to the intervention. At this stage, a final report is typically written and distributed with findings and outcomes clearly delineated. It is a time to review the work and the relationship between the consultant and the client. At this step, work may be extended or the work may be terminated with this client and recycled for the use of other clients.

The steps of consulting provide a method for inquiry, interaction, and implementation of recommendations that are in the best interest of the client and the organization. There are differences in the way in which these steps are taken by a consultant who is internal to the organization. These differences are critical to the HR professional who implements this methodology.

Internal HR Consulting

In the HR function, the HR professional is typically employed full-time and is an individual contributor, reporting to another HR professional or to an executive in the organization (Lacey, 1995). By incorporating a consulting methodology to one's work, the HR professional can affect change and value for the organization.

The process of internal consulting has distinct differences from the process of external consulting. In the consulting model discussed previously, discrete steps were defined. For the internal HR consultant, these steps are modified and initiated differently.

The first consulting step of contracting with an internal client is different in the way in which the agreement regarding responsibilities is clarified. Relationships between the internal client and internal consultant are often pre-established and the company jargon is known. Informal agreements are typically the norm; however, a statement of commitment, if only in the form of an e-mail exchange, can help manage the relationship with the internal client and reduce future confusion. There may or may not be ease in obtaining certain types of information, but an internal HR consultant can gain access to information when outsiders cannot even obtain entry (Lacey, 1995).

The data collection and diagnosis steps are replete with relationships between the numerous organizational members engaged for questioning, extracting data, or participating in surveys or meetings. The internal HR consultant's status resides in the position level and reporting relationship within the organization. Reputation and visible relationships with key players, impact status and trust levels. The internal HR consultant must weigh the issues of status, trust, and the likelihood of respondent truthfulness when determining methods of data collection (Lacey, 1995, p. 79). Data that is shared and reviewed openly may reduce any political intrigue for certain organizational members who find change to be particularly difficult.

The implementation and evaluation steps must obtain valid information and commitment from all parties involved. The internal HR consultant is the go-between across organizational lines to garner support and champions for the implementation initiative. The internal HR consultant helps the organization align functional areas during any implementation; therefore, the internal HR consultant can see the work become institutionalized and plays a role in monitoring the activities which sustain and ensure a project's success (Lacey, p. 81).

According to Lacey (1995), the internal consultant has several advantages at work that the external consultant does not. By nature of employment, the internal consultant has ease of entry into the organization. Fee structure is not an issue, as a steady paycheck is already in place. Typically, there is little conflict of interest in the work to be done. The internal consultant enjoys freedom to move across organizational lines. Depending on the problem identified, informal contracts or service-level agreements are employed to illustrate the responsibilities of both consultant and client. Finally, ready relationships and familiarity of the system are hallmarks of the internal consultant's advantage over an external consulting professional.

The HR professional has reacted to the needs of management for decades (Jamrog & Overholt, 2004). To successfully apply an internal consulting process, the HR professional has several considerations to address. The first is to identify the ultimate client during a request for help or assistance. Most HR professionals have many requests on a daily basis for the administrative and task-oriented functions. Vosburgh (2007) notes that there is enormous variation by industry, geography, and CEO preferences on what HR is asked to do. Many times the internal consultant has multiple bosses to consider during the engagement: the person requesting assistance, that person's supervisor, that person's employees, and the internal consultant's boss—to name a few. The HR professional in an internal consulting role must navigate and manage these relationships as skillfully as the technical or business problem to be tackled (Block, 2000).

To illustrate the concern of multiple clients, the HR competency domains of credible activist and business ally provide a backdrop. By definition, credible activist is credible (respected, admired, commitments kept) and proactive (have a point of view, challenge assumptions, take initiative). The business ally understands both the business and external and industry factors that influence success.

A sales manager and sales training illustrates this issue. A sales manager wants to send the thirty employees in the sales force to a four-day training seminar. The HR professional and the sales manager have known each other for three years and (as a credible activist) the HR professional is called to get permission to approve this expense. The HR professional (as business ally) weighs the pros and cons of this idea, offering multiple suggestions before proceeding with the necessary approval.

During this initial exchange, the HR professional explains informally how a consulting relationship will be established and identifies the multiple clients involved with this decision to act. First, the sales manager has not identified a specific need the proposed sales training will address. Second, the sales force has not been engaged in the conversation. Finally, the VP of sales and marketing has not been approached about this idea. Agreeing on an informal contract, the HR professional, as business ally and credible activist, outlines the steps of the internal consulting process, thereby enabling resolution to commence while actively engaging the primary client or sales manager.

Another important consideration for the HR professional as internal consultant is the access to management and information. If the internal HR consultant does not have entrée to the information necessary to assist the client, the engagement can be in jeopardy. The competencies associated with the domain of operational executor can be put into play to ensure that information and people can be engaged as needed to produce the results desired.

In 2006, Lawler and Boudreau attempted to answer a critical question, “What do boards and CEOs expect of HR?” The findings showed that the areas of HR involvement that most strongly correlated to “HR meets our needs” were (1) driving change management, (2) implementing a human capital strategy that is integrated with the business strategy, (3) partnering with line managers in developing strategy, and (4) making data-driven decisions about human capital management. HR professionals who adopt an internal consulting organization framework within these areas can mirror the strategic mindset of the organization’s board and CEO. To have the respect and admiration of colleagues, coupled with the ability to understand the external factors that influence success, plus the ability to challenge assumptions and to take initiative with constituents, the internal HR consultant can and will make a difference in the organization (Ulrich, Brockbank, Johnson, Sandholtz, & Younger, 2008).

Implications for Practice

Implementing an internal consulting process, the HR professional can overcome the lack of effective strategy implementation and organization redesign (Beer, 1997; Jamrog & Overholt, 2004; Kates, 2006). Such a process can address six core barriers identified as disabling HR strategic implementation and redesign: (1) poor coordination and teamwork between business partners and HR; (2) unclear strategy and priorities; (3) ineffective top management; (4) laissez-faire management, especially when assembling teams; (5) poor communication, and (6) inadequate management and organizational development (Beer & Eisenstat, 1996; Kates,

2006). The HR professional who is willing to use an internal consulting methodology to align HR functions with the multiple divisions in any given organization will be well-equipped to engage others in the work of human resources. Creating an internal consulting organization offers a way to transform not only human resources but the organization as well.

According to the Bureau of Labor Statistics (2009, p. 5), the field of human resources, training, and labor relations is expected to increase 22 percent by 2018. With such an influx of people in the profession, it is important to have processes in place that can inform the HR competency model. Prepared with consulting roles and models, the HR professional can begin to establish an internal consulting organization that produces language and leverages internal sources to align and impact organizational performance and effectiveness.

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CHAPTER 24

THE IMPLICATIONS OF SITUATIONAL STRENGTH FOR HRM

Reeshad Dalal and Rustin Meyer

ABSTRACT

Personality does not predict behavior equally well in all situations. Rather, the extent to which personality predicts behavior is influenced by the “strength” of the situation (Mischel, 1977). This chapter introduces the concept of situational strength to HR practitioners and outlines several implications and recommendations for human resource management (HRM). Importantly, we show how situational strength provides for a way to re-conceptualize the human resource (HR) function as a whole. When understood and applied properly, situational strength facilitates peak performance and minimizes employee strain, thereby allowing for a greater contribution by HR to firm performance (Haggerty & Wright 2010).

Definition and Conceptualizations

Situational strength refers to the extent to which a situation provides information regarding “appropriate” behavioral responses (Mischel, 1977; Snyder & Ickes, 1985). Strong situations provide powerful cues that lead individuals to behave

similarly. Weak situations provide few or inconsistent cues, leading individuals to behave in the way that is most natural and comfortable to them. As a consequence, personality should influence behavior more in weak situations, but not in strong situations.

The classic example of a strong situation is a red traffic light. Here, most people engage in the prescribed course of action (namely, to stop one's vehicle) because information about the appropriateness of this behavior is so well defined that it overrides most people's natural tendencies. A yellow traffic light is a weaker situation because appropriate behaviors are less well defined and norms are inconsistent. Here, personality is likely to be the primary influencer of behavior: daring individuals are more likely to speed through the yellow light, whereas cautious individuals are more likely to stop.

Researchers who have studied situational strength have done so by conceptualizing it in many different ways. A few recent examples include the extent of: ambiguity, autonomy, external constraints, availability of suitable alternatives, meta-features of the HRM system (such as consistency), feedback regarding previous errors, and consequences associated with success or failure (Barrick & Mount, 1993; Bowen & Ostroff, 2004; Gill, Boies, Finegan, & McNally, 2005; LePine, Hollenbeck, Ilgen, Colquitt, & Ellis, 2002; Wallace, Paulson, Lord, & Bond, 2005; Van Iddekinge, McFarland, & Raymark, 2007; Withey, Gellatly, & Annett, 2005). A recent review of this literature (Meyer, Dalal, & Hermida, 2010) suggests that existing conceptualizations of situational strength can be grouped into four broad categories (known as "facets"). The following paragraphs briefly introduce these facets. Implications of this facet structure for HRM are then outlined in a subsequent section.

The first facet, "clarity," involves the extent to which information regarding work responsibilities is readily available and easy to understand. Situations are strengthened when information is plentiful and understandable. Situations are weakened when information is scarce or unintelligible. For example, this facet can be increased by crafting unambiguous policies pertaining to important organizational behaviors. Such an increase in situational strength can beneficially impact organizational functioning by making employee behavior more predictable.

The second facet, "consistency," involves the extent to which various pieces of information regarding work responsibilities are compatible with each other. Situations are strengthened when information from different sources (for example, the HR department versus one's supervisor) or information from the same source on different occasions conveys the same "message." Situations are weakened when information is inconsistent. This facet can be increased by ensuring

that policy manuals are kept up-to-date, employees are provided with new policy information in a timely manner, and supervisors are trained to convey policy information in a consistent way. To the extent that a given employee receives the same message from multiple sources, this reduces the likelihood of idiosyncratic interpretation and behavior.

The third facet, “constraints,” involves the extent to which an employee’s freedom to make decisions or take action on the job is limited by outside forces. Situations are strengthened when outside forces (such as close supervision, performance-monitoring systems, and government regulations) limit the range of possible actions. Situations are weakened when personal latitude is granted to the employee. For example, employees whose work is tightly scheduled for them will likely show less variability in terms of arrival, break, and departure times. On the other hand, the timing of these events among those who experience flexible scheduling is more likely to be influenced by their own personalities and preferences.

The fourth facet, “consequences,” involves the extent to which an employee’s decisions or actions on the job lead to important outcomes. Situations are strengthened when the employee’s decisions or actions have a significant positive or negative impact on the welfare of any person (including, of course, the employee himself or herself) or entity (the organization, society as a whole). Situations are weakened when outcomes from the employee’s decisions or actions are less impactful. For example, employees who commonly experience situations wherein important outcomes such as the health and safety of others are in their hands (such as emergency medical technicians) are more likely to demonstrate prescribed behaviors such as diligence and caution. Thus, all things being equal, employees’ personalities are more likely to shine through in less consequential situations.

These four facets, however, do not exist in a vacuum. On the one hand, it is reasonable to expect that some occupations that are defined by high consequences are also defined by high clarity, consistency, and constraints. For example, operational jobs within nuclear power plants are likely to score very high on all four facets of situational strength. On the other hand, the four facets of situational strength do not necessarily operate in concert in all jobs. For example, the job of a CEO is extremely consequential, but often much less clear or constrained. When making predictions about employees’ likely behaviors, it is therefore important to not only understand the nature and level of each facet, but also the overall (or “global”) strength of the situation. Indeed, when situational strength is more fully appreciated and understood at both the facet and global levels, it has the potential to have profound implications for HRM systems.

Implications for HRM

Predictive Power of Personality

One of the primary implications of situational strength is that it influences the extent to which personality predicts employee performance. In fact, situational strength has been referred to as the single most important situational force influencing the predictive power of personality (Snyder & Ickes, 1985). Again, the effects of employees' personalities on their performance are minimized in strong situations and maximized in weak situations.

For example, in situations wherein conscientious behavior is explicitly expected and rewarded (that is, strong situations), employees should exhibit uniformly high levels of conscientious behavior, even if this behavior runs contrary to their personality (see Minbashian, Wood, & Beckmann, 2010, for a conceptually similar demonstration). However, in situations wherein conscientious behavior is neither expected nor rewarded (that is, weak situations), high levels of conscientious behavior will only be demonstrated by those with a conscientious personality (Fleeson, 2007). Indeed, a major reason for the disappointingly low observed relationship between personality and job performance is likely to be the neglect of situational strength in contemporary research (Murphy & Dzieweczynski, 2005). Consistent with this perspective, Meyer, Dalal, and Bonaccio (2009) demonstrated that the relationship between conscientiousness and overall job performance in prototypically weak jobs is about 2.5 times larger than it is in prototypically strong jobs.

Potential Side Effects of Strong Situations

The current discussion has primarily focused on the benefits of strong situations (that is, increased performance and behavioral predictability). It is important to note, however, that there are a number of potential costs that likely accompany increases in situational strength. For example, psychologists have long argued that humans generally have a need for autonomy (Deci & Ryan, 1987) and that threats to this need are not viewed favorably (Brehm & Brehm, 1981). When situations encourage behaviors that are counter to their natural tendencies, it is possible that employees will react negatively—for example, they may exhibit increased levels of psychological exhaustion (Perry, Witt, Penney, & Atwater, 2010) as well as higher job dissatisfaction and intent to quit. Situational strength, therefore, is likely to be a double-edged sword. If not utilized with caution, it may lead to negative employee attitudes and emotions, even as it increases employee performance.

Recommendations for HRM

Modern situational strength research is able to shed light on many HRM practices. First, organizational decision-makers should be aware of the levels of situational strength associated with various jobs. Consider, for example, the jobs listed on the Occupational Information Network (www.onetonline.org; see also Peterson, Mumford, Borman, Jeanneret, Fleishman, Levin, et al., 2001). Among the jobs with very high levels of situational strength are “nuclear equipment operation technicians” and “subway and streetcar operators”; among the jobs with very low levels of situational strength are “curators” and “poets, lyricists, and creative writers” (Meyer, Dalal, & Bonaccio, 2009). In those jobs with very high levels of situational strength, theory and data suggest that personality will “matter” less than it will in prototypically weaker jobs. Personality should therefore be given less weight when selecting employees in very high-strength jobs. To the extent that job analyses and utility analyses do not account for the effects of strong situations, the return on investment for an organization’s selection system will be over-estimated.

Organizations should also be aware that changes in the tasks performed and/or the technology used in a given job may greatly alter its situational strength over time. For example, increased automation will generally lead to greater situational strength and a corresponding decline in the impact of personality. Further, as a given job becomes stronger or weaker over time, those employees who were selected to work in the original environment may be less suited to their new environment. Indeed, organizational decision-makers should be aware that numerous HR practices can have a substantial impact on situational strength.

HR Practices and Situational Strength

Several modern HR practices weaken situations. For example, flexible work schedules, tele-work, virtual teams, and virtual workplaces increasingly allow employees to work at the time and place of their choosing. Furthermore, practices such as job enrichment, participative decision making, autonomous work teams, and employee empowerment increase employee decision-making latitude and decrease organizational control. These HR practices are therefore likely to increase the impact of employee personality on performance. At the same time, however, several HR practices also work to strengthen situations. For example, training, socialization/orientation, close supervision, performance monitoring, pay-for-performance, and goal-focused leadership increase the influence and salience of the organizational environment. These HR practices are therefore likely to decrease the impact of personality on employee performance.

In addition to its implications for individual HR practices, situational strength offers a simple, yet useful, way of conceptualizing the HRM system as a whole (Bowen & Ostroff, 2004; Haggerty & Wright, 2010; see also Meyer & Dalal, 2009). One of the primary functions of an HR system is that it facilitates the communication of information from the firm (and its agents) to the employee (Bowen & Ostroff, 2004). Consequently, organizational decision-makers should consider the ramifications of individual HR practices on situational strength, with the goal of aligning these practices, rather than having them work at cross-purposes.

Well-aligned HR situational strength-relevant practices allow an organization to more precisely and efficiently achieve its strategic goals. The explicit incorporation of the situational strength perspective into HR practices would, therefore, answer calls for HR to adopt a systems orientation (Haggerty & Wright, 2010) and enable the HR function to serve as a competitive advantage. A potentially complicating factor, however, is that different employees are likely to prefer different levels of situational strength.

Preferences for Situational Strength Versus Weakness

Many employees can be expected to dislike strong situations. Three examples suffice to illustrate this point: (1) a lack of autonomy is associated with harmful consequences (Gagné & Bhawe, 2011; Spector, 1986); (2) employees dislike having their day-to-day job performance closely monitored (Bates & Holton, 1995; Smith & Tabak, 2009); and (3) some employees actually prefer ambiguity and unpredictability (Neuberg & Newsom, 1993). On the other hand, many employees prefer strong situations. For example, certain employees need high levels of structure and closure (Neuberg & Newsom, 1993; Whitson & Galinsky, 2008). A misfit between preferred and actual levels of situational strength on the job is likely to lead to increased stress, dissatisfaction, and intent to quit (Kristof-Brown & Guay, 2011; Kristof-Brown, Zimmerman, & Johnson, 2005).

The existence of divergent employee preferences creates complications for organizations, because HR practices cannot reasonably be expected to be so highly customizable as to account for the unique preferences of each and every employee. One potential solution involves incorporating job applicants' preferences for situational strength into the employee selection process, such that only applicants who are comfortable with the optimal level of situational strength are hired. However, this approach is not without limitations because, as alluded to previously, situational strength can change over time within a job. Moreover, employee preferences for situational strength can also change over time—for example, new employees generally desire more guidance than do experienced employees.

Fortunately, HR practices are not the only influence on the situational strength experienced by employees. Immediate supervisors also play a major role. For example, supervisors can provide a high degree of autonomy to some subordinates while closely monitoring and directing the work of others. Supervisors can also use their power to reward and punish (French & Raven, 1959) to a greater extent with some employees than with others. Thus, in order to achieve optimal fit, supervisors should communicate regularly with each subordinate regarding the level of situational strength the subordinate desires and the level the supervisor is willing and able to provide.

In conclusion, situational strength has the potential to play an important role in HR practices related to employee selection, job design, job attitudes, and attrition/turnover. That being said, it is important that organizations strive to balance their desire to control and standardize employees' desires for freedom and autonomy.

Summary

This chapter introduces HR practitioners to the modern conceptualization of situational strength. In addition to being one of the most pervasive situational forces predicted to affect employee behavior (Meyer, Dalal, & Hermida, 2010; Snyder & Ickes, 1985), situational strength represents a useful way of aligning an organization's overall HRM system in order to achieve the organization's goals. The concept of situational strength therefore allows for a theory of HRM—that is, an understanding of how specific HR practices function (Haggerty & Wright, 2010; Ulrich, 1997), why they influence behavior in particular ways, and how to maximize their monetary productivity value (Haggerty & Wright, 2010; Huselid, 1995; Steffy, 1991). Ultimately, an effective understanding of situational strength can be used by HR professionals to facilitate the fine balance between the organization's desire for consistently high performance and the employee's desire for freedom and agency.

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