Workforce Management Strategies: Are Any Really New Or Obsolete?

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Every few months the literature heralds the emergence of a "new best thing." And often claims are heard that strategies used in the past are obsolete or out of date. The principles of sound workforce management have remained the same for a very long time. But the contexts within which they must operate have changed, which could result in strategies becoming obsolete and in the need to develop new strategies that fit the new contexts.

Fewer organizations use point factor job evaluation plans today than they did three or four decades ago. Is that decline due to the obsolescence of these plans, or due to a change in the nature of organizations? A focus on internal equity is more often found in stable environments and job evaluation is the best way to ensure that equity exists. Public sector organizations and manufacturing firms have been heavy users of these plans, as have organizations relying on firm specific knowledge and skills that must be learned while working in the organization. Most of the job growth in the U.S. has been in high tech organizations, start-ups and service organizations related to health care. These organizations have fluid staffing requirements and must constantly recruit or retrain to deal with technological change. They must be focused on the prevailing practices in the relevant labor markets, which have become more volatile. This argues for a shift to focusing on external competitiveness. So the decline in usage for point-factor plans can be largely attributed in the changing mix of employer types, rather than obsolescence.

The use of time-based pay progression systems has also declined. Even public sector entities are replacing these systems with merit pay systems. The percentage of municipal utilities using step plans has dropped from over 75% to less than 30% and at least half of federal employees have been taken out of the GS (step rate) system. One could argue that basing pay only on time never was a sound approach, except in organizations where skills and knowledge must be learned in the organization. Skilled trades unions use these systems as a form of development and career management, believing that hands on work is necessary for skill acquisition and that formal training is necessary for knowledge acquisition. So some of the decline in usage can be explained by a change in the mix of organizational characteristics. But much of the decline is due to an increased realization that time-based systems appeal the least to top performers and most to those who do what is required. So in some organizations the practice was probably ill-advised to begin with. The public sector is one of the few places that unions are still prevalent and they often resist pay for performance. A lack of trust in management's ability and willingness to adequately define and measure performance and to make fair decisions about pay actions underlies most of the resistance.

The use of defined-benefit pension plans has also declined. Although they still are dominant in the public sector they are rapidly disappearing from the private sector… and even lessening in prevalence in the public sector. The appeal of being able to offer employees and potential employees a certain benefit is a significant attraction tool. But the enormous unfunded liabilities that are accumulating are a big problem. Legislatures, city councils and boards are "kicking the can down the road" and not dealing with the underfunding problem. In some cases the true liability is being disguised by unrealizable assumptions about investment returns to plan funds. The defined benefit plan is not an unsound concept and is

not obsolete, especially in organizations that are stable and that have long service workforces.

One to one unstructured selection interviews are still the most prevalent approach to choosing between candidates. Unfortunately research has established that they are the leas valid approach. Why they still are used so widely is a puzzle. My first job after college graduation was with a prestigious organization, in their elite executive development program. Although not often having been characterized as lacking self-esteem I admit that my success was largely due to luck. I somehow found that the interviewer and I had both served as paratroopers in the 101st Airborne Division and he spent a good part of the interview reminiscing about "the good old times." So obsolete may be a kind label for this practice it still persists.

Turning to the other side of the coin "new best things" proliferate. We cannot seem to get enough of these inventions… they are after all brand new (or are they?). I understand practitioner publications need to be filled with content but they are the source of many fad outbreaks. It is difficult to resist trying broadbanding when all the articles are about the brilliant successes with this approach. There are two problems with accepting this prevalence as valid. First, few are willing to write about their abject failures. I have had to fix a number of ill-advised installations, so I know the failures exist. The second problem is that practitioners forget that someone else's success may be their disaster if the organizational contexts are not nearly identical. What worked at GE may have been more a result of their unique culture than the soundness of the strategy. Using their "rank and yank" approach in an organization that is incapable of defining and measuring performance appropriately would result in chaos and probably a lot of work for unemployed attorneys. So when a "new best thing" appears in the literature a prudent professional would ask whether it is really new and whether it is best only for specific contexts.

Author bio

Robert J. Greene is the CEO of Reward Systems, Inc. and a faculty member for DePaul U. in their MSHR and MBA programs. He has over four decades of experience, has published two books (third in press) and over 100 articles and book chapters. He was a principal designer of the CCP and GRP certifications for ACA (World at Work) and the PHR/SPHR certifications for SHRM. He was the first recipient of the Keystone Award for achieving the highest level of excellence in the field.