MANAGING HUMAN TALENT. WORKFORCE DIVERSITY VS. INDIVIDUAL DIFFERENCES. CHALLENGES OF THE WORKFORCE MOTIVATION AND RETENTION

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Abstract

Each day presents a new set of challenges and risks to companies operating in this age of both a global economy and of multiculturalism, i.e. a fast-changing marketplace. Global competition and escalating economic pressures make the business environment both dynamic and difficult, especially given the workforce diversity which has to be managed so as to achieve the highest levels of task performance and job satisfaction; managers must be prepared to respect alternative cultures and value diversity. Based on this background our paper has as starting point the consideration that organizations are seeking out methods to refine their operations in order to navigate often-difficult economic terrain effectively, analyzing the organizations' ability to being responsive to changing market conditions, competitive threats, and new market opportunities, therefore focusing on an organization's creative and innovative ability, highlighting the people component of a business process, as with so much emphasis on automation, it's easy to overlook the human element, an oversight which – in most cases – hinders efficient business process management. Considering that processes don't do work, but people do, our research highlights the fact that a "want to motivate" attitude by the employee can be encouraged, even if past managerial efforts have rather concentrated on "how to motivate" the employee, trying to shed some light on how BPM with a hint of the Six Sigma method offers a clearer path to an increasing number of organizations hoping to best the challenges they have to face, this often translating into workforce motivation and retention, by creating positive work environments in which the cultural and demographic diversity of members helps to create competitive advantage.

Key words: competitive advantage, task performance, job satisfaction, employee motivation, cultural diversity, business process management

Introduction

Several studies have recently focused on issues of global concern, so it's a safe bet that they will be wide-ranging and imperative, and that human capital issues will be prominent. The question is how do businesses meet the challenges facing them, with direct regard to making the most of the global workforce mobility while maintaining efficiency?

Many companies are streamlining their business models to increase efficiency and enable quick action along with rapidly changing business conditions. And with global competition for skilled knowledge workers intensifying, the pressure is increasing on societies to produce workforce of the highest level, so human capital lies at the core of organizational success and the economic prosperity of nations.

Thus, the distribution of human capital has become a controversial issue over the past few years. The debate once centered on "brain drain" – the migration of skilled individuals from developing economies to advanced ones; today, as the world becomes increasingly interconnected – and the current financial crisis has underscored just how interconnected the global economy is – where knowledge workers live matters far less than what they know. To achieve both long-term success and high performance, management must anticipate the motivations and concerns of every sector of tomorrow's workforce and plan accordingly.

Effective strategic workforce planning initiatives start with a forecast of the talent needed to carry out the organization's business objectives. The search for talent now unfolds in a global arena, where operations and people move seamlessly across borders, and managers face a multitude of challenges, among which ensuring employee security in an increasingly turbulent world, and developing fluency in cross-cultural communications.

Making the transition from survival to growth requires reviewing and retooling workforce and management strategies to reflect new priorities. Top performers must be retained and reengaged, while future hiring must incorporate updated competency models aligned with changing market conditions and business goals.

Processes don't do work, people do

The people components of a business process were given equal status to machine components. In Howard Smith and Peter Fingar's definition of a business process: "A business process is the complete and dynamically coordinated set of collaborative and transactional activities that deliver value to customers." A few years ago Smith and Fingar (Smith&Fingar, 2003) wrote what has since come to be regarded as a program for radical business change based on business process management (BPM) technology. Now though, says Fingar, the time is already right to prepare for a new, and potentially even more radical, fourth wave of business automation – human interaction management systems. According to Fingar, even though much of what he and Smith described in The Third Wave has still to be realized, among its most sophisticated early adopters, BPM has already eliminated most of the back-end system bottlenecks that have traditionally impeded business development. For these organizations, it is time to move on: "The real future, if you look at business process management – the key part of it that has not been fully addressed – is human to human interaction," he says.

When it comes to the creative and innovative forms of business processes that reside in the domain of human-to-human interactions, the processes cannot be predefined or "flowcharted" in advance. In short, such collaborative human processes are "organic." That is to say, they represent "emergent processes" that change not only their state, but also their structure as they are born, and then grow and evolve. Such processes deal with new business initiatives, new programs, new marketing campaigns, new product development, case management, research, and, all too often, unexpected crises. These are not the kind of processes you call in IT to analyze, model and code – and get back to you in 18 months with a solution.

In the messy real world of business, people communicate, research, think, consult, negotiate, and ultimately commit to the next steps that are unknowable at the outset. As new commitments are made, the process continues, often involving new participants playing new roles as the process expands. The participants usually cross organization and company boundaries – functional departments, customers, regulatory agencies, suppliers, suppliers' suppliers, design firms, market research firms, channel partners, and so on. Unlike the internal command and control within a single company, one company cannot command another company to do this or do that. Instead, the parties must negotiate and commit to next steps, and track the many agreements made along the way. Such human collaboration shifts the requirements for IT support from "information processing" where data are tracked, to "commitment processing" where agreements are tracked.

Employee motivation and retention – a new approach

The buzz-word of the present decade is "performance", but the question managers ask themselves is the same old "what can be done to ensure that every employee achieves maximum performance?" as well as "what can be done so that the employees' performance should lead to competitiveness?" The foundation of the answer should primarily rely on respect for people – the human resource of an organization, which translates actually in the most important asset of an organization – a fact which most managers acknowledge. In addition, what has already been accounted for as motivators of the workforce, still applies today: people respond to recognition, freedom to contribute, opportunity to grow, and to fair compensation. The principle of "zero defects" (Bhote, 2003) is involved when striving for excellence; simply put, the workforce have to improve their performance so as to minimize and eventually eliminate defects. Quality improvement involves processes and sub-processes to reduce the variation of a certain degree of performance compared to a standard in order to get a better result. Key data are reflected from the ability to identify this variation. The process involves increasing the results' control.

Secondly, the focus on continually improving the organization's activity is the direction towards performance and competitiveness. Performance development and improvement in the long run is provided also by modern methods such as Six Sigma, this representing a solution to improvement processes within an organization, in all its stages, from beginning to end, but its implementation is greatly influenced by and depends on the organization's culture. Organizations that undertake a Six Sigma program have to consider changes in three areas (Pyzdek, 2003):

a) The way the employees think – the focus being on thinking and reasoning, on expectations and conclusions of individuals within the organization;

b) The norms and the rules – often being referred to as corporate culture; every organization has standards and patterns which influence behavior;

c) The systems and processes – this being the basic effort of Six Sigma practitioners, but cannot be supported without the prior success to the two organizational changes mentioned above.

Of course, any successful improvement process must consider that every company has a unique combination of resources which should be taken into account. Today it is unthinkable to overlook the IT perspective while striving for a competitive advantage. In addition, technical issues are only part of the problem. As can be seen in the past programs of management innovation or improvement which were not based on data (the base of statistics), the only achievable result is a "good-enough state of affairs" among the workforce. The minus point of such a program is that once this feeling disappears there are still tasks to be carried out and problems to be corrected, which depend on data (which are interpreted through statistics). Information and information technology are also based on data. The central axis is the link between data, facts, information and knowledge. Someone has to translate data into action, then add time and get information that applied to human capabilities translate into knowledge. What results is that information technology is based on data, as it also does the Six Sigma method.

The term "motivation" is used in management theory to describe forces within the individual that account for the level, direction and persistence of effort expended at work (Schermerhorn, 1996). In other words, a highly motivated employee works hard while an unmotivated employee does not. And, in order to inject motivation into the work performed, conditions must be created in order that employees should feel inspired to work hard.

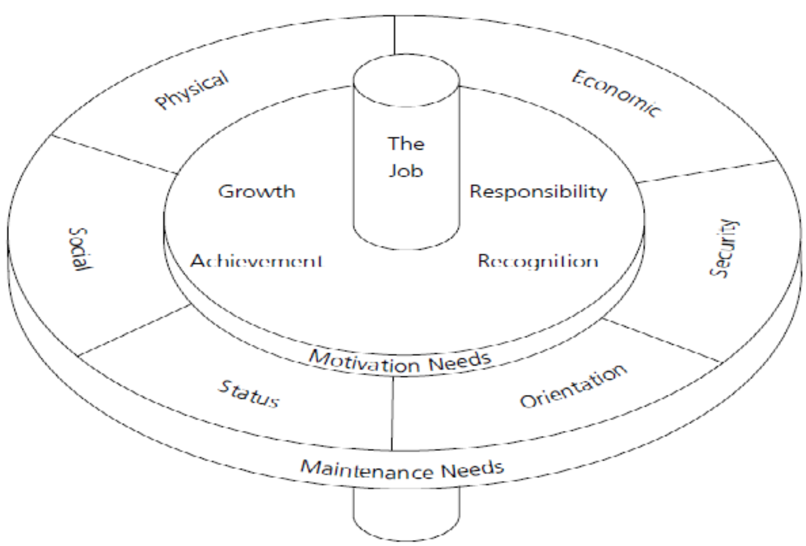

Figure 1. The chart of employees' needs, according to Meyers
Source: Myers, Scott M., 1970, Every Employee a Manager, McGraw Hill, New York

In order to improve job satisfaction and motivation, Herzberg (1968) advises that attention should be focused on factors that induce satisfaction, rather than on factors related to the work settings; the satisfier factors are part of the job content, dealing with what people do in their work, this way directly affecting job satisfaction – these factors drawing attention to things as sense of achievement, feelings of recognition, sense of responsibility, opportunity for advancement, and feelings of personal growth. Herzberg's theory makes a clear distinction between the job content – what people do in terms of job tasks, and job context – the work setting in which they do it, advising managers to build satisfier factors into job content in order to maximize opportunities for job satisfaction. Motivation theories abound on the "want to" approach - that is on needs that produce motivation. These needs range from Maslow's hierarchy of human needs to McGregor's Theory X and Theory Y. In an adaptation of Herzberg's theories, Myers (1970) developed a three-ring concept of employee needs, as shown in figure 1.

Maintenance needs in the outer ring are physical (e.g. food and shelter), economic (e.g. a paycheck, job security), status (e.g. dignity of the individual, prestige), and social (e.g. the need for interaction with other fellow employees). These maintenance needs, which are similar to Herzberg's contentment factors, cause dissatisfaction when absent but do not, on the other hand, produce motivation when present. At best, they maintain the status quo and possibly prevent the employees from leaving the company. The inner ring contains the same motivation factors – growth, achievement, responsibility and recognition – formulated by Herzberg. But the innermost ring, at the very core of motivation is the job itself – and how to make it interesting, challenging and exciting.

Behavioral scientists say that in order to inject fun into work there are three psychological states to be captured:

Meaningfulness – employees must perceive their job as worthwhile and important

Responsibility – employees must believe that they are personally accountable for the results of their efforts

Knowledge of results – employees must be able to determine, on a regular basis, whether the results of their efforts are satisfactory.

These psychological states produce the all-important internal motivation; if one of these states is missing from the job, the internal motivation is reduced.

In order to establish the five core dimensions – five goals that companies and employees share, i.e. high internal motivation, high quality, high job interest and satisfaction, low absenteeism, and low people turnover – five implementing concepts must be designed into the job for optimum results – combining tasks, forming natural work units, establishing client relationships, creating vertical job enrichment, and opening feedback channels.

Given today's workforce diversity can we cope with individual differences?

A major issue of today's multicultural Europe involves the controversies and opportunities of dealing positively with individual differences. This is the age of a global economy – one based on worldwide interdependence of resource supplies, product markets, and business competition – as it is also the age of multiculturalism and workforce diversity. Mangers must be prepared to respect alternative cultures and value diversity in managing people so as to achieve the highest levels of task performance and job satisfaction. The effective manager of today knows how to create positive work environments in which the cultural and demographic diversity of members helps to create competitive advantage; they must make good decisions when recruiting employees, and they must set up and maintain the work conditions within which these employees can achieve the highest levels of productivity – and they must do so in a labor market that is undergoing fundamental changes in its cultural and demographic complexities. The best managers understand that talented and diligent employees are essential to long-term competitive advantage; it is their commitment and effort in using an organization's resources that will determine eventual levels of performance accomplishments.

Hofstede's framework helps identify some of the managerial implications of cultural differences. For example, workers from high power-distance cultures can be expected to show great respect to people in authority. In high uncertainty-avoidance cultures, employment practices that increase job security are likely to be favored. In highly individualistic societies workers may be expected to emphasize self-interest more than group loyalty. Also, outsiders may find that the workplace in a more masculine society displays more rigid gender roles. And corporate strategies of businesses in more long-term cultures are likely to be just that – more long-term oriented.

However, even if US management practices frequently have been used as models by managers in other nations, Hofstede (1994) believes they do not apply universally. Hofstede also points out that the motivation theories of American value-laden, with an emphasis on individual performance; until recently, US practices largely emphasized broadening jobs to enrich them for individual workers, while elsewhere in the world, the emphasis has been on broadening jobs for groups of workers.

Conclusions

The global economy is packed with new competitors and new challenges. As soon as we think we've mastered one aspect of doing business in this new environment, another, unexpected issue becomes an all-consuming priority, as we're seeing with the current economic crisis. Right now, the issues of high-performing workforce, the skills gap, demographics, and the growing confidence of emerging-market multinationals are all converging at a time of great uncertainty. This translates into increased opportunity for emerging markets as well as increased pressure for established ones.

No organization, business or otherwise, is immune to the influences of the economy. Especially today, competition for customers and scarce resources is intense and unforgiving; this is an era of economic transitions – at global, national and local levels. So, it is undoubtedly self-explanatory that managers should help their organizations compete for advantage in times of economic decline as well as economic growth. Today's managers/ leaders must not only be informed about the global economy (as they cannot ignore what others are doing), but they should also be aware of the fact that a commitment to quality leads to lower costs, higher productivity and sustainable success.

Employee involvement in the search for quality solutions is an important aspect, being closely tied to the emphasis in TQM on continuous improvement – the attempt to maintain the quality momentum over time by always looking for new ways to incrementally improve upon current performance. Top and critical performers want to know they have a future place in the company. While promotions are one way to send this message, they're not always possible in this economy. Special assignments, attachment to high-visibility projects, skill-building opportunities, and formal or informal recognition can be equally powerful engagement and retention tools. Employees should also be kept informed about evolving business strategies, as too often top performers join competitors simply because inadequate communication has left them feeling unappreciated, uncertain about their roles or uninformed about changing business needs.

Moreover, companies operate on a fast-changing multicultural marketplace, and with global competition for skilled knowledge workers intensifying, the pressure is increasing on societies to produce workforce of the highest level; where knowledge workers live matters far less than what they know. Thus, in order to achieve both long-term success and high performance, management should primarily take into account that every company has a unique combination of resources and secondly they must anticipate the motivations and concerns of every sector of tomorrow's workforce and plan accordingly.

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