

How are our Managers Doing? Issues in Human Capital Management

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Managers need to Accept and Deal with Ethnic, Gender and Cultural Differences

If the shifts in the workplace demographics over the last 40 years or so haven't changed most managers' behavior, one wonders what will. Civil rights legislation was passed in the 1960's; females now account for almost half of all workers; the workforce is graying and baby boomers are retiring from the workplace and being replaced by younger techno-savvy workers; and immigration is altering the ethnic makeup of the American citizen. These forces have also changed neighborhoods, people's buying habits, approaches to media, as well as the expectations and interests of the newer workers.

But while these changes have affected certain aspects of the workplace, have they changed management? Let's see what we can learn from the integration of minorities and women in the American workplace.

By now we should have altered how we relate to one another in our workday lives, yet we still see evidence of the male dominated, military style management every day. Blacks, Hispanics and Asians are not represented in management ranks to the extent of their percentage in the population. How many of us sitting in conference rooms listening to senior manager reports or at staff meetings hear primarily male voices? And when opinions are offered by females, do they carry the weight of authority of males? The glass ceiling is encountered daily by upwardly mobile women and minorities, and boards of directors seem to be the exclusive domain of white males. Wages of females in many occupations still lag behind those of males (accounted for, economists will tell us, by many factors), and females are still a rarity in the science and engineering disciplines

These facts are in stark contrast with the statistics we see in American colleges and universities, where women now account for over 60% of the student population. And the newer immigrants, led by Hispanics, now make up a majority of citizens in several major states. These demographic shifts along with the retirement of the baby boomers will tip the scales even further in favor of a younger, ethnically diverse, female dominated workforce in the years ahead.

What will these differences mean to managers and their leadership styles? Top management practices now prized and still promoted by many MBA programs, such as tough mindedness, an orientation toward results, aggressiveness, and social boldness may have to give way to other approaches. The newer workplace will need managers who develop a different set of behaviors, such as listening and empathy skills, and employ a more open, team orientation. Without such a shift companies will continue to encounter difficulties between management and the workers. Those that recognize these cultural differences will be the winners in the years ahead, but most of our managers apparently still don't get that message.

Wrong Thinking and Bad Stewardship - A Persistent Human Capital Management Issue

When dealing with the issues involved in managing investments in human capital, one is faced with the fact that many senior managers apparently still feel that human capital is a controllable, tradable, almost fungible asset. In other words, to the CEO and CFO, among others, the value of people are is no more or less than other assets, such as cash, goodwill, or brick and mortar structures. When dealing with cost reductions, the workforce is just as likely to go “under the knife” as other expenses, perhaps even more so. And therein lies a key problem: people are considered not generators of revenue, but expenses to be “controlled”.

But examining the issue from the other side, with over 80% of the American businesses now classified as services, heavily reliant upon humans, one can only wonder why managers continue to apply techniques that were formulated in an industrial, manufacturing economy. Why do they want to “control” their source of income and innovation? One of the primary tenets of today’s management is that in the long run, one cannot cost-control or bottom line your way to prosperity. Keeping an eye on costs of course is a manager’s job, but growth depends on prudent investment and positive actions. To accomplish top line growth, a company must develop new products and services, open new markets, reach new customers, increase market share and sales per customer, build new levels of customer loyalty, form alliances, filter out “bad” new products early in the development cycle, and reduce risks. In other words value-created activities are reliant upon people. Where managers focus solely on the balance sheet they miss the opportunity to generate the return on investments necessary to fuel future growth, which is what the business owners I am sure, wanted when they founded the business in the first place. Get the picture managers?

Why aren’t our Employees with us on this Trip? A Managerial Challenge - and we hope, part of the Answer

Recent research by a host of firms tells us that most of our employees are not satisfied with their jobs and could easily leave their current employer for what they consider greener pastures. In fact the numbers suggest that over 60% of all workers could be enticed away with little difficulty. This begs the question: what is going on here?

But we don’t really need the research to tell us what we see first hand every day: there is little holding most workers to their job in corporate America. Pension programs as we knew them (defined benefit plans) are being withdrawn and not offered at all to new hires replaced with employee-company match contribution plans, so only workers ages 50 or older might be motivated by the “gold watch” and monthly pension payout to stay with an employer. Salaries for most are basically flat and have lost purchasing power to inflation, as workers these days receive only modest increases (3-4% per annum), and future raises look just as bleak. Bonuses are problematic and small if there at all. Layoffs over the past 10 to 20 years to salaried and mid-managers have reinforced the belief that companies have little or no loyalty towards their workers. The specter of more layoffs and outsourcing is ever present. Stress on the job has increased, and for many the work week has lengthened to over 60 hours, often with the added requirement that they remain accessible 24/ 7 due to technology, globalization and staff reductions. Every merger or acquisition brings a reduction in employees. Outsourcing continues to eat away at IT positions and many customer service jobs.

So there is little shock to us in the HR business when we learn from our co-workers that they would not recommend their current employers to others who may be looking for a change. And we silently agree when they say that they are not inspired to do their best work, and that they get little sense of accomplishment from their job. In fact, they admit they do not care much about the future of the company. By any standard, most of the workforce is not committed to their work – they are disengaged. And this in a time when we are in a race with other global economies, and need our workers best efforts to improve innovation, maximize customer service, and increase top line earnings growth.

What can managers do to help offset some of this negativity? While important, the issues of pension plans and compensation turn out not to be the critical factors in employee engagement. Money of course is essential, but for commitment, managers must take an interest in their workers, and senior management interest is a key factor to employees feeling needed and appreciated. Also managers must share decision-making with the staff. They have to provide the workers challenging work, and where possible give the grunt work to temporaries and contractors and further, use them to help out with employee overwork. In addition, an essential part of worker retention is to offer workers the training, learning and advancement opportunities they need.

Ultimately managers, who are beset with all of these issues themselves, must realize that they have the ability to improve their worker's engagement and the obligation to do so.

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