

Workforce and Workplace Renewal: Keys to Success

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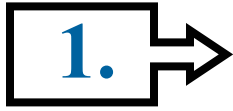
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Leading change...

What is your vision of a
workplace that supports
high performance and
an excellent quality of
work life?





The urgency of renewal

2014

WORKFORCE

- Highly educated
- Broad skills
- Committed learners
- Change resilient
- Collaborative
- Diverse

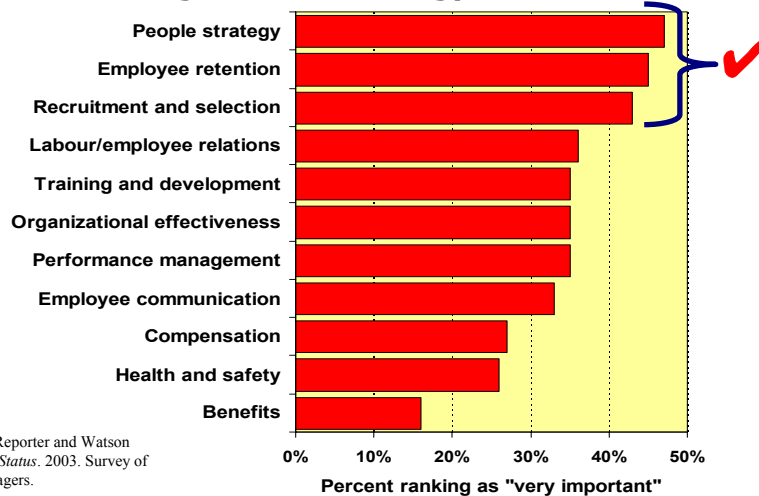
WORKPLACE

- Innovative
- High performance
- High-quality jobs
- Flexible
- Inclusive
- Ethical

Renewal pressures

1. Demographics
2. Skills and learning
3. Information technology
4. Values
5. Socio-economic environment
6. Sustainability

HR managers' perceptions of HR's contribution to organization strategy



Getting beyond headcounts

CARTOON

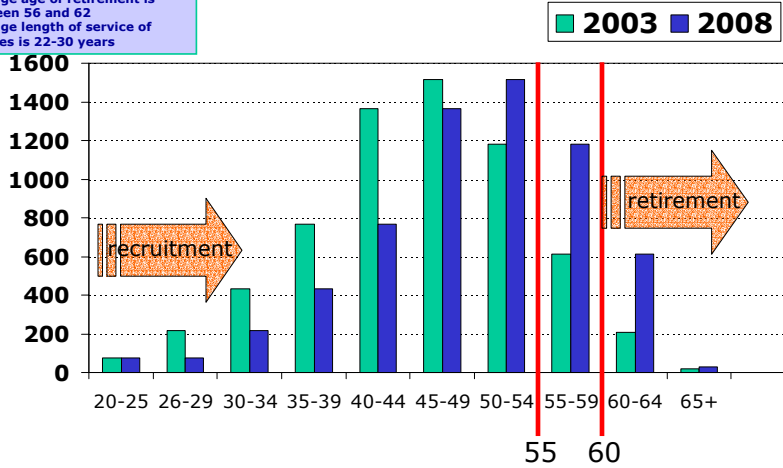


Demographics... one more time

Demographic crunch

Age distribution for City of Edmonton, full-time employees (police excluded),
January 2003, projected to 2008

- TWO KEY CITY TRENDS:**
1. Average age of retirement is between 56 and 62
 2. Average length of service of retirees is 22-30 years



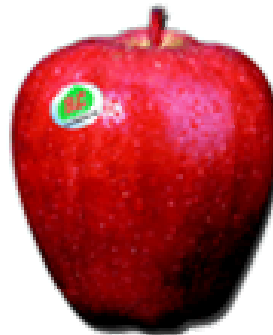
The age – organization mismatch

Age profiles don't fit job structures and career systems

Typical large organization



Typical employee age profile



Are demographics a strategic issue?

- *More than 40 percent of CEOs around the world say their companies now account for the aging of the workforce in their long-term business plans, according to a recent survey by Watson Wyatt Worldwide. A major management challenge in coming years will be the shortage of young workers.*

March 3, 1998, Watson Wyatt news release.

Let's reflect on...

- How have these companies acted to address demographic challenges?
- Is the shortage of younger workers the biggest, or only, challenge?

Reframing the problem

- "Predictions of widespread labour shortages--the inability to fill jobs at prevailing wages--would be without precedent in modern U.S. history. ... Employers may well face new and more difficult challenges in recruiting and hiring than previous generations faced. But the challenges have to do with changes in the employment relationship that increase retention problems, not a shortfall of workers caused by demographic changes. And the solutions ... focus back on employers and their own human resource strategies."

Source: Peter Cappelli, 'Will there *really* be a labour shortage?' *Organizational Dynamics*, August 2003.

A growing pool of older workers

- AARP documents many 'working retirees' in the US
- Changes in retirement plans because of stock markets
- Non-economic motivations for continuing to work
- If older workers continue to delay retirement, average workforce age will increase even faster than expected
- Employers will be challenged to meet needs of this older workforce, who want flexibility and new sources of satisfaction

Source: *Staying Ahead of the Curve: The AARP Working in Retirement Study*, (www.aarp.org)



Rethinking retirement

“Martin wants debate on retirement age”

December 19, 2003

OTTAWA (CP) - Canadians should not be compelled to retire at age 65 and it's time for a national debate on the benefits of allowing older workers to stay on the job, Prime Minister Paul Martin said.

"I don't believe in mandatory retirement," Martin said, during an interview that will be broadcast Saturday.

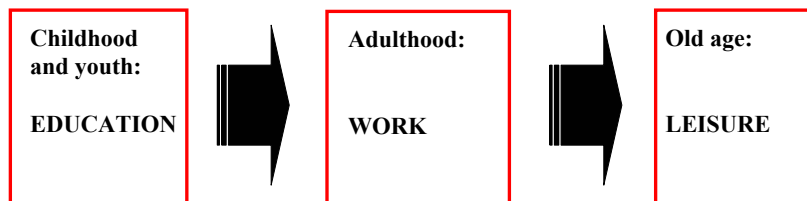
"I think that people should really be allowed to work as long as they want to work, and as long as they can make a contribution."

Martin turned 65 this year and is just beginning the job of his lifetime.

Source: cnews.canoe.ca

Retirement policies don't fit life-course realities

- Growing numbers of workers do not fit the 3-stage 'normal' life course
- But this model is the basis for institutions of education, work and retirement



Rethinking retirement

- Baby boomers are reinventing retirement
- Average retirement age rose in 2003 (62)
- Employers and policy-makers need to be proactive



An aging workforce requires innovative people practices

- Workforce aging is not just a “retirement” or “succession” issue
- You need innovative human resource management practices:
 - Flexible retirement policies
 - Non-traditional recruitment
 - More team work
 - Selective knowledge transfer
 - Life-long learning
- Innovation requires a comprehensive HR strategy



Recruitment is not the solution

Don't expect to hire your way out of labour and skill shortages

- Too costly
- Too time-consuming
- Too short-term focused
- HR already overloaded
- A better solution: *creatively develop and use existing talent*

Leverage existing talent

- You must maximize the use of all existing talent
 - 25% of workers report that their education, skills and experience are not used in their job
- HRM practices and work organization must enable the continuous *use and development* of skills

CARTOON

Talent drives performance

“The fundamental premise of high performance management systems is that organizations perform at a higher level when they are able to tap the ideas, skill, and effort of all their people.”

Jeffrey Pfeffer, *The Human Equation: Building Profits by Putting People First*. HBS Press, 1998. p. 90.

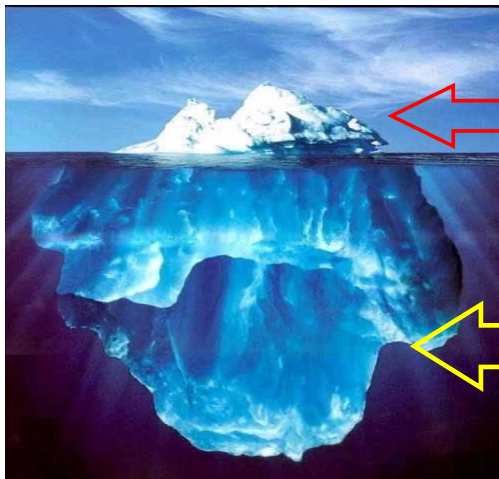
Succession as knowledge management

- Common knowledge = “how to” knowledge crucial to organization’s success
- Different from “know what” knowledge
- No ‘best way’ to transfer this knowledge
- Expect huge KM challenges as baby boomers retire
 - Capture only the common knowledge you will need
 - Encourage positive attrition
 - Re-employment is not an entitlement

Source: Nancy Dixon, *Common Knowledge*, Harvard Business School Press, 2000.

Re-engagement factors

Family, spouse, finances, location, health, skills and education, gender, age, ethnicity, AND...



Retirement
planning and
decisions

**WORK
ENVIRONMENT
& CAREER
EXPERIENCES**

Revisiting an old model

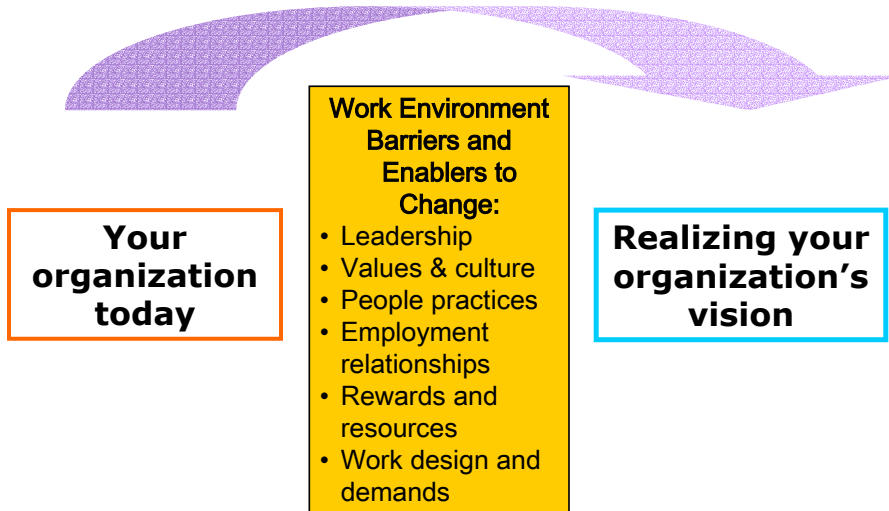
The internal labour market...

- Traditional employment relationship
- High commitment and loyalty
- Trust-based
- Internal careers
- Training-intensive
- What do job security and career progress mean today?
- Can ILMs be reinvented for the 21st century?



Work values and environments

Work environments matter



Aligning individual and organizational values

- Canadians highly value jobs that provide:
 - Respect
 - Interesting work
 - Good communication
 - Sense of accomplishment
 - Work-family balance
 - Skill development
- Gender differences greater than age differences
- Not meeting these needs will undermine renewal goals

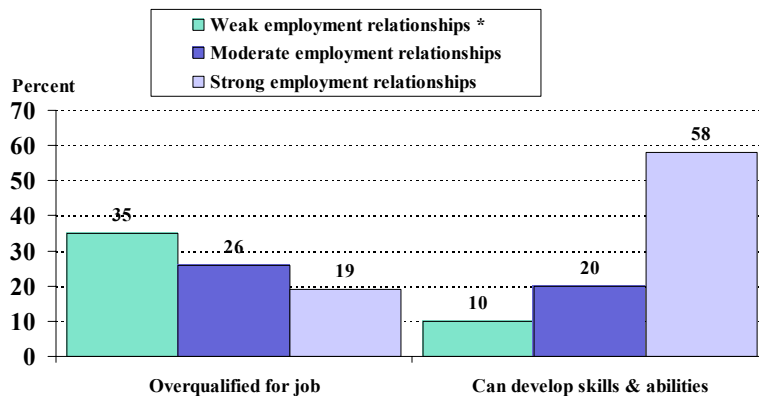
See: G. Lowe and G. Schellenberg, "Employees' value proposition," *Canadian HR Reporter*, July 2001. K. Hughes, G. Lowe and G. Schellenberg, *Men's and Women's Quality of Work in the New Canadian Economy*, Canadian Policy Research Networks, 2003.

Relationships are the bedrock

- Four aspects of work relationships:
 1. trust
 2. commitment
 3. communication
 4. influence
- These define a 'good job'
- Affects morale, satisfaction, turnover, absenteeism, skill use
 - Strengthened by a healthy and supportive environment
 - Weakened by downsizing and restructuring

See: G. Lowe and G. Schellenberg, *What's a Good Job? The Importance of Employment Relationships*, Canadian Policy Research Networks, 2001.

Employment relationships nurture talent



Source: CPRN-Ekos Changing Employment Relationships Survey 2000 (n=2500).

Treating people as assets

Here's how high-quality work environments help people deliver excellent results:

Workplace quality:

- Supportive, healthy work environment
- Resources
- Work rewards
- Job content and design
- Supervision and communication



People capacity:

- Recruitment
- Retention
- Learning and development
- Adaptability



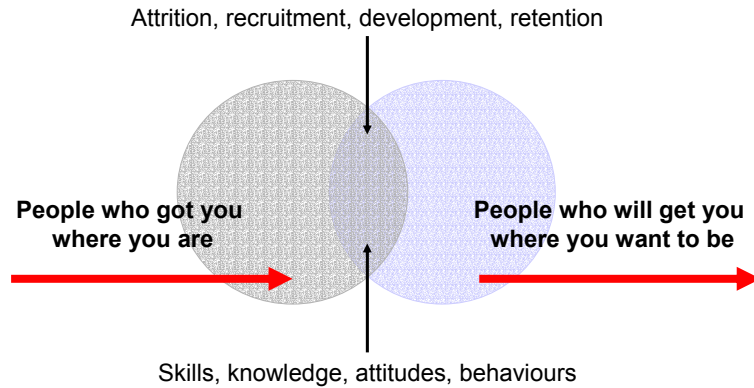
Results:

- Innovation
- Performance
- Quality



Renewal planning

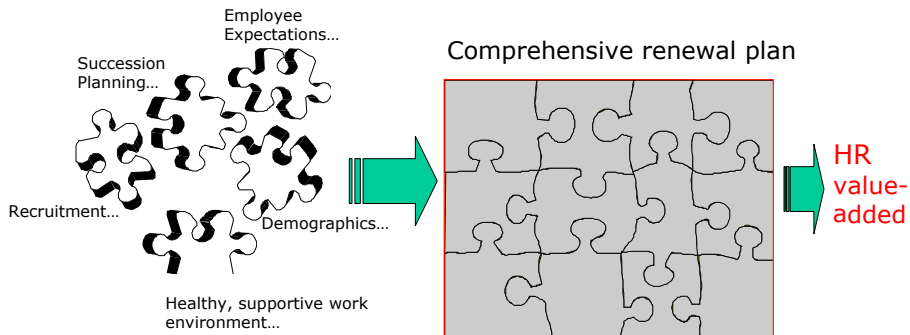
Workforce renewal basics



Principles for leading renewal in your organization

1. Combine workforce *and* workplace renewal
2. Think comprehensive and long-term change
3. Link renewal to strategic goals
4. Put organization's values into action
5. No 'one best way'
6. Use your own language and link to values
7. Involve employees in a collaborative process

Putting the pieces together...



Example: US government

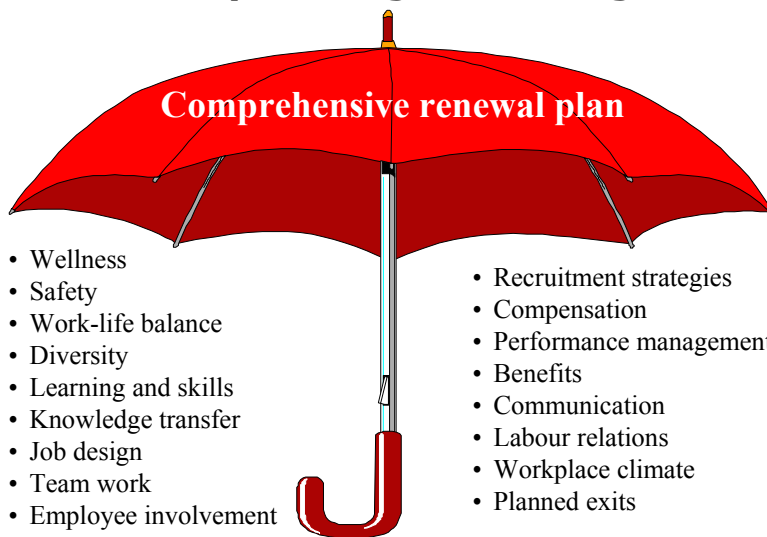
- David Walker, head of General Accounting Office, has addressed the US government's human capital needs with this approach:
 - View people as assets
 - Analyze workforce demographics and skill sets
 - Link these assessments to agency goals
 - Create cultures that emphasize results
 - Develop managers' leadership skills
 - Create HR processes that will attract and retain excellent workers

Source: Brian Friel, "Data shows human capital crisis may be overstated," *Government Executive Magazine*, May 2, 2003.

Renewal planning steps

1. Create a representative planning group
2. Review current strategic plans
3. Analyze internal and external challenges
4. Identify high-priority people challenges for three time horizons: Now, 5 years, 10 years
5. Identify changes needed in HR policies and practices, job design, training, and the work environment
6. Consult, validate and revise
7. Monitor, evaluate and refine
8. Embed the plan into your organization's daily life!

Renewal planning as strategic HRM



Example: *Plan Edmonton's* 6 strategic areas

1. Services to People
2. Planned Growth
3. Economic Development
4. Infrastructure and Physical Development
5. Leadership, Regional Cooperation and Planning



Avoid over-planning

- Act yourself into a new way of thinking
- Easier than thinking yourself into a new way of acting
- START NOW!

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