

CORPORATE PARTNERS/ALUMNI/FACULTY BREAKFAST SERIES:

HUMAN RESOURCES AND SUCCESS IN A MORE COMPETITIVE WORLD

Human Resources in Successful Competitors: Making the Transition to a More Competitive World was the latest topic in the GSM Corporate Partners/Alumni/Faculty Breakfast Series. GSM Professor of Management Jone Pearce was the featured speaker at the seminar, held on May 18, at the Arnold and Mabel Beckman Center, adjacent to the UCI campus.

Professor Pearce has spent the past several years involved in two research projects studying the human resources management practices of successful competitor companies versus the practices of companies operating in protected product markets. Pearce and her partners, GSM professors Lyman Porter and Anne Tsui, focused on companies in very competitive industries such as computer software, computer electronics, wholesale food distribution, retail, and telecommunications.

Pearce defines human resources management as "the broad way people and employees in an organization are treated. . . [including] things that you might call leadership, motivation, and organizational design."

She points out that in industries such as computer software and electronics, companies need to attract the brightest people and to motivate them to work very collaboratively in order to develop the best products. However, due to the volatility of their rapidly advancing industries, these companies cannot offer employees job security—traditionally thought to be the strongest performance motivator. How do successful companies in these industries continue to attract brilliant workers who will put in 50-hour weeks without any promise of job security?

Pearce has identified several *best practices* of such successful competitors:

- They try as hard as possible to provide employment security within reasonable bounds. They develop extensive transfer programs—programs that transfer employees both geographically



Professor Jone Pearce answers questions at the Corporate Partners/Alumni/Faculty Breakfast

and sometimes occupationally, from hardware engineer to software engineer, for example.

- They practice extensive communication of strategic information throughout the ranks of the company. They train low-level workers to read balance sheets. They circulate confidential financial reports. Their presidents visit various company sites and plants to hold discussions with employees about corporate strategies, failures, and successes. All of this creates a great deal of trust in management and unites the entire workforce in the company's need to stay competitive and survive.

- Successful competitors offer their employees extensive training focusing on job knowledge. This is not simply training on company policies and procedures. This training tells employees "we are going to make you the best people you can be." Workers appreciate being kept up-to-date in their field as these companies bring in expert guest speakers, send employees to off-site training programs and workshops,

and help them remain marketable as professionals.

- Some of the most successful companies Pearce studied have also implemented programs to reduce the number of lawsuits filed against them by current and former employees. These programs are continually being monitored. One of the programs includes annual training for all supervisors, conducted by the company's lawyers, on state and federal rules and regulations for employee treatment. If an employee complains, and the company finds the complaint justified, a public apology is made to the employee immediately. However, if an employee files a lawsuit and loses, the company aggressive fights for reparation from the individual for costs incurred.

- Finally, the successful competitors Pearce studied have positioned their human resources people to train and bolster supervisors and employees rather than to control them.

Pearce also pointed out some of the dysfunctional responses by companies in newly competitive industries she discovered in her research, namely by companies in telecommunications. In addition to companies here in the United States, Pearce has also been following the management challenges, changes, and practices of several companies in Hungary since 1989—companies that formerly were very protected under socialism and now must put their products up to compete on a national scale. Surprisingly, Pearce says she found similarities between what these Hungarian companies were going through and what some of our own telecommunications companies were experiencing. Both "persist in command and control . . . costs are too high . . . [and] everyone is scared in these organizations." Pearce described the corporate environment as "very punitive." She believes that people in non-competitive companies—protected product markets—know their human resource practices are easy and soft. But when it comes time to tighten up, they believe that the true practice of capitalism is harsh and cruel. Their practices actually move them in the completely opposite directions from successful competitors "best practices."