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ILR Impact Brief - Workforce Alignment
and Fluidity May Yield a Competitive
Advantage

Lee Dyer*

Jeff Ericksen†

*Cornell University, ldd3@Cornell.edu

†University of Illinois

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IMPACT BRIEF

BRIEF # 22 / OCTOBER 2007 / ILR SCHOOL / WWW.ILR.CORNELL.EDU

Workforce Alignment and Fluidity May Yield a Competitive Advantage

Research question: Dynamic organizations encounter frequent and discontinuous changes in their operating environments. What are the components of a human resource strategy that enable such organizations to achieve a series of temporary competitive advantages and ultimately a sustained advantage?

Conclusion: The authors postulate that workforce scalability is the key competency necessary for ongoing marketplace success. Workforce scalability encompasses two factors: alignment and fluidity. The former is an ideal target that calls for the right number of the right type of people in the right place at the right time doing the right thing. The latter is the means by which organizations hit the target, and specifically refers to the speed and ease with which employees are moved around and adjust their behaviors to suit changing business requirements. A set of operating principles facilitates the simultaneous attainment of workforce alignment and fluidity.

Workplace impact: Workforce alignment is a constantly moving target for organizations operating in dynamic environments. Success in the marketplace ultimately depends on the firm's ability to quickly and easily specify, and then make, ongoing transitions from one human resource configuration to another; i.e., to continuously discern appropriate alignments and to fluidly put them in place.

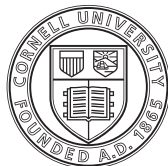
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Workforce alignment and workforce fluidity are the necessary and interlocking components of workforce scalability.

Abstract: Dynamic organizations are proactive and adaptable; they constantly strive to increase the number and relevance of their strategic maneuvers while decreasing the time, expense, and disruption involved in implementing change. Most research in this field focuses on leadership, business strategy, and organizational theory. The strategic management of human resources, by contrast, has attracted less attention.

Strategic human resource management (SHRM) concerns the HR policies, programs, and practices that contribute to organizational effectiveness and the ways in which these contributions are achieved. Most proponents of SHRM eschew the notion of best practices, arguing instead that every organization should tailor its HR strategy to its particular business objectives and circumstances.

Marketplace agility is the generic business strategy of dynamic organizations. It calls for outmaneuvering real and would-be rivals in a race to attain a series of temporary competitive advantages. Strategic implementation requires development of a "core meta-competence," or critical business capability, that integrates the discrete competencies of exploration (continuously coming up with great ideas), exploitation (successfully marketing the resulting products/services/solutions), adaptation (quickly adjusting to competitors' actions), and exit (getting out before the crash). Firms actualize this core meta-competence by constantly reallocating resources, including human resources.



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The resource-based view of the firm stipulates four necessary and sufficient conditions for a resource to generate an ongoing competitive edge: it must be valuable, rare, impossible to replicate, and unique to each firm. This is where workforce scalability comes in. Organizations that continuously *align* their human resources by shifting configurations of headcount, competence mix, deployment patterns, and employee contributions and do so more *fluidly* (i.e., faster and at less cost) than the competition should realize an ongoing series of short-run victories. Logically, these transient triumphs eventually add up to a sustained competitive advantage. Indeed, data from a previous study by one of the authors suggest an association between workforce scalability and firm performance.

The authors posit several principles that could facilitate the realization of workforce scalability. To begin, workforce alignment may be pursued from the top down or bottom up. The traditional approach starts at the top with a business plan that determines the human resource requirements; in unpredictable business environments, however, this is a less-than-optimal tactic. Working from the bottom up, on the other hand, frees employees to continuously align themselves with organizational needs. This malleability requires that the organization instill in employees a shared mindset involving tacit coherence around vision and mission and sufficient knowledge about the business.

Workforce fluidity comprises external and internal components that interact synergistically. Dynamic organizations often acquire talent from the outside in order to tweak competence mixes, assignments, and employee contributions. Because timeliness is critical, the guiding principle is pre-qualifying sources of talent (such as universities and headhunters) by maintaining long-term relationships and strong social networks. Dynamic organizations also lay off employees from

time to time, so outplacement assistance (e.g., high quality counseling and job-search assistance) must be a complementary priority. Meanwhile, the internal talent needs of dynamic organizations require that employees possess the capability, opportunity, and motivation to make adjustments quickly and easily. Dynamic organizations can facilitate these outcomes by adhering to several principles, such as enriching the talent pool through diversity and attitudinal fit (e.g., a penchant for smart risk-taking); facilitating interpersonal connections among employees; expanding roles and role orientations; eliminating constraints to the full flowering of employee talents; and experimenting with intrinsic and extrinsic incentives (e.g., work that is rich and rewarding coupled with employee-driven pay plans).

The newness of this line of research suggests a host of questions for researchers and practitioners. For example, to what extent is it necessary to design HR strategies specifically for dynamic organizations? Is workforce scalability a useful way to conceptualize and implement HR strategy in such firms? Are the principles outlined here necessary and sufficient to create workforce alignment and fluidity?

Methodology: This is an early attempt to develop a conceptual framework that would further the understanding of dynamic organizations' pursuit of marketplace agility through relevant and effective HR strategies.

Source publication: "Dynamic Organizations: Achieving Marketplace Agility through Workforce Scalability" appeared in J. Storey (Ed.), *Human Resource Management: A Critical Text*, 3rd edition; 2007; London: Thompson Learning.

by LEE DYER

Professor of Human Resource Studies (ILR)

JEFF ERICKSEN

Professor, University of Illinois



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