Why many HR programs fail

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Abstract:
The success rate of human resources (HR) programs designed to actually serve the needs of employees rather than managers' desires to foster images of good providers for workers can be improved by understanding complex issues that include the difference in the needs of specific groups of employees within a company; the political tension between corporate and department management; and the social implications of programs. HR programs can be more effective if they address specific employee groups within a company. Local managers and their subordinates will not accept a program they feel has been forced on them by corporate management. They must be involved in the design, selecting, and implementation of programs. Also, HR managers must consider: how programs will affect the control employees have over their jobs; how programs will affect employees relative to one another; and how programs will affect employee performance.

Full Text:
Why Many HR Programs Fail

The human resources manager shook her head in frustration. After a year, the new cash awards program she had designed to recognize employees' outstanding performance just wasn't working. She had seen it happen before. Mass mailings of slick brochures, top management meetings with employees to announce the program, awards ceremonies, and company newspaper articles had been fruitless in the end. The program's momentum had died out. Yet the manager knew that she and her colleagues would soon begin searching for the next "quick fix" to try out on employees.

All too often, a gap separates an innovative HR program's purpose from its actual achievements. Problem-solving groups may be limited to half-hour weekly meetings with few suggestions taken seriously by management. Employees may be cynical about management's intentions, or innovations designed to improve employee attitudes and behavior may fail to take hold over the long term. How can HR managers design and implement programs that really do improve employee morale, motivation, and performance?

Executives vs. Employees

Most large organizations' HR departments continually modify existing policies or adopt new programs as the human resources domain expands into complex new areas. Typically, executives and managers are the only members of the company surveyed by national research groups to evaluate the success of those innovations. But the executives' views are likely to differ markedly from those of the employees whom the programs are intended to motivate.

Indeed, I have found that executives and managers tend to rate human resources innovations more highly than do employees who are directly affected by new programs. My research examined employees' attitudes about a wide range of HR programs, including flexible work schedules, quality circles, and cash awards. The research included a study of interview and survey data on the reactions of more than 2,000 employees to eight HR innovations that had been adopted by their employer, a leading financial services company.

Executives are especially enthusiastic about initiatives that are targeted at nonmanagers - such as quality circles, job posting, and cash and noncash recognition awards. The executives may have a vested interest in these programs, however. As one employee observed, "A lot of these programs were started so that the senior vice-president can say to his boss, `Look at all the money I've spent on my employees - I must be doing a good job!'"

Image and Innovation

HR innovations can symbolize management's attitude toward employees and provide cues for them about company goals. In fact, management often believes that state-of-the-art programs will make employees think that management is progressive. But employees are rarely taken in by such programs; indeed, after watching a succession of programs come and go they are likely to become quite skeptical of any further innovations. And, in fact, some organizations are more concerned with boosting their image in the eyes of employees, the press, and the community than with improving the employees' work conditions or quality of worklife.

The recent surge in the adoption of childcare "information and referral programs" and "flexible spending accounts" that allow employees to spend pretax dollars for childcare illustrates companies tendency to choose programs that cost them little money but generate favorable publicity. Often the workers reap only limited benefits from such symbolic efforts.

My research has found, for example, that employee use of dependent care accounts is extremely low. Although they offer assistance in finding licensed providers and help employees save money on daycare expenses, these programs seldom address the critical concerns of working parents: They fail to increase the availability or reduce the cost of quality daycare. Yet companies that provide these limited services may enjoy a reputation for being concerned about their employees.

Too often, HR innovations serve executive needs rather than employee needs. Implicitly focusing on quantity rather than quality of innovation, executives may be searching for HR "fixes" when they should be trying to understand what influences employee acceptance of innovations and what makes for a successful HR program.

Context Counts

Few employers develop their own HR innovations. What's more, most HR programs I have studied were designed and implemented with little or no input from the employees who actually had to use them. Is it any surprise, then, that so many programs fail?

It is critical to a program's success for employees to accept and believe in the program. But not all employees - even in a single company - have the same needs, and they may react quite differently to a single program. In an age of mergers and acquisitions, a centralized HR program may mean that vast numbers of employees, who do completely separate jobs in unrelated divisions, are subject to the same HR programs. But my research indicates that it is far more effective to tailor HR practices to fit the particular needs of various employee groups within the organization.

At one company I studied, all the work units had the same HR programs, but the programs were run differently in the different departments. The greatest contrast existed between the marketing and the data processing departments, as described below:

* The data processing department tailored its job-posting system to meet local needs by giving internal candidates first choice on openings and by providing career counseling. The marketing department did not find counseling necessary.

* The marketing unit found flexible work schedules ineffective and eliminated this option for its employees. In the data processing department, however, this option was used widely and with great success. Data processing also piloted a work-at-home program for new parents. The reason for differences in this option's success: The marketing department is group-oriented; employees collaborate and confer on campaigns and proposals. But in the data processing unit, employees work individually to complete their assignments.

* Marketing employees, in keeping with their showmanlike subculture, initiated and ran a gossipy, irreverent, and extremely popular newsletter. Data processing, on the other hand, cut the funds for its newsletter when money became tight.

* Marketing also pioneered an awards program called "People Are Tops," which reflected the subculture of the marketing staff. Recipients were notified of having won awards in such splashy ways as the delivery of balloons to their desks, an announcement by a person in a gorilla suit, or the performance of a belly dancer. Data processing did not have a noncash recognition program.

Local acceptance of HR innovations in these two units thus depended less on an innovation's design than it did on how well the program fit with the needs, values, and culture of the unit's employees.

HR Politics

Why is it that many HR innovations fail to take hold or have little impact on the employees and the organization? The answer often lies in politics. My research suggests that it is critical to address the tension between departmental and corporate ownership of HR programs. Corporate HR departments generally initiate more programs then do field units, which are often focused on day-to-day management. Often, corporate HR departments serve as research and development units for innovations, and field units represent the market that will use these products.

But local managers and their employees will not accept or be committed to programs that they feel have been foisted upon them from above. They need to be involved in designing, selecting, and implementing the programs that will affect them. Further, as mentioned earlier, the departments will be more satisfied with HR programs if they are free to adapt them to their own particular needs and culture. Thus open meetings that allow for significant local input regarding design and implementation will lead to innovations that are both better designed and more fully accepted.

HR Evaluation

Most organizations place little emphasis on evaluating the impact of HR programs. This results, in part, from the difficulty of isolating a program's impact on productivity and from a lack of staff devoted to HR research.

Coordinated evaluation is difficult to do, moreover, because HR itself is fragmented in its work. The employee relations manager, training and development manager, compensation and benefits manager, and organization development staff in many organizations work independently. They may have only occasional meetings at which they compare notes and coordinate their strategies.

Yet systematic evaluation of the general influence of HR programs is critically important. It can help decision makers allocate future resources, call their attention to ongoing problems, and enable them to develop a unified HR strategy.

Managers of various units need to determine which groups of employees are generally satisfied with HR programs and which are not. By evaluating the impact of HR programs on various groups and departments, management can assess the success of the overall HR strategy.

Social Properties of

Employee Practices

Implementing new HR practices can alter an organization's social system. Yet in most organizations the potential social impact of HR programs receives limited attention when programs are designed and implemented. According to my research, thingking about the social implications of employee practices should - but rarely does - begin with a look at how practices will affect employees' empowerment, performance, and equity.

EMPOWERMENT

Employees are empowered when they gain control over their jobs. Such innovations as flexible work schedules and quality circles can be very empowering if they are implemented well. Other innovations, such as a daycare referral service or a wellness program, may serve employee maintenance needs, but they have little or no impact on employees' control over jobs or supervisors' responsibilities.

Innovations that are high on empowerment can increase the degree to which workers become self-managing, but supervisors and management need to accept and become committed to programs with high empowerment in order for them to succeed. Employees need to accept these programs, too, and be willing to take on greater responsibility for managing their own behavior on the job. Often an innovation that has the potential to be empowering is not so in practice because the organization's authority structure doesn't change to accomodate the innovation. Many quality circle programs designed to empower employees have failed because the first-line supervisor's role was overlooked in program design.

EQUITY

An employee's equity is the extent to which he or she benefits, relative to the organization's other employees, from an HR program. Individual-based cash awards and upward-mobility affirmative action policies can give employees a high degree of equity. However, any HR initiative that benefits one or more groups of employees may be viewed as taking equity away from other employees. A program such as dependent care assistance can be interpreted as taking away resources from employees with no dependents.

Among unionized employees, such programs are sometimes perceived as attempts to distract the employees' attention from wage and benefits issues, which are covered by the collective bargaining agreement. They may also view daycare innovations as attempts to co-opt workers and take away a union's bargaining power.

PERFORMANCE

Some HR programs have a significant positive effect on employees' job performance. Some HR programs also provide clear standards of what behavior is expected of employees. Such standards are very effective - especially during the implementation of change, when ambiguity is high, roles are unclear, and preexisting standards are erased.

I have found that many popular HR programs do little or nothing to enhance performance. In theory, cash awards and employee involvement can improve performance. In fact, however, these programs rarely have any impact on performance - largely because employees do not believe they are used fairly.

In a survey of more than 2,000 employees, 43% agreed with the statement, "Getting a cash award largely depends on your manager's sales ability." Nearly 40% disagreed with the statement, "Cash awards have made me motivated in my work." What's more, this cash awards program may also have had a negative impact on employees' perceptions of their equity: Only 25% agreed with the statement, "Deserving employees have received this award."

Quality circles, too, failed to enhance performance, equity, or empowerment significantly. Only a third of the survey respondents felt that quality circles had helped to make employees more involved in their jobs. About 10% indicated that the circle program affected their performance on the job. And 25% of the sample believed that participants in the circle program received enough recognition. Managers need to gauge the impact that the HR department itself has on organizational change.

HR as Buffer

In many organizations, HR is assigned the formal role of introducing innovations that can make or break a firm's competitiveness. Yet in many cases the HR department still lacks clout and has little power to make these innovations succeed. Moreover, employees may perceive HR as a department with little power - and may conclude that if the HR department is in charge of their benefits programs, the company must not really care about benefits.

Of course, there are many reasons that HR is undervalued in most organizations - and many reasons that this should cease to be so. One explanation is that undervaluing the HR department and scapegoating its staff allows the organization to place HR in the role of buffer when problems arise around innovations.

It is virtually inevitable that problems will arise when an innovation is introduced in the organization. And in many firms, when these problems arise HR is given the formal mission of solving them - despite the fact that these issues are the responsibility of all managers. HR is typically responsible for ensuring that management conducts layoffs in a nondiscriminatory manner, pays and promotes people fairly, and values individuals of diverse backgrounds. These tasks are difficult - if not impossible - to carry out effectively throughout the organization.

Controversial issues like these cannot be solved by plugging data into a computer. They are complex and emotionally charged - and are likely to produce anxiety in line management. As a result, the HR department - which confronts management with them - may become a scapegoat.

Moreover, implementing one symbolic innovative program, such as a valuing diversity workshop or a cash award program, will not resolve a firm's difficulties. Yet by shuffling the management of these human problems off to the HR unit, the rest of the organization can assuage its conscience and management can congratulate itself for being progressive.

In fact, HR is being used to buffer the other departments from these troubling issues. The others are then free to pursue the ultimate company goal: improving the bottom line.

Unfortunately, when HR is used as a buffer, it also becomes the organizational whipping boy. Isolated from strategic corporate goals and left to deal on its own with difficult, complex problems that defy easy solutions, HR operates as an island unto itself, implementing many of its policies for their own sake. Exhibit 1 illustrates the vicious cycle that frequently develops as a result.

In an era of tight budgets, HR may continually be called upon to justify the effectiveness of its hard-to-measure initiatives or to defend itself against budgetary raids by other departments. Others in the organization may perceive HR's work as less serious and important than their own.

Achieving Acceptance

My research suggest that many HR programs achieve only limited acceptance by employees, even when the programs remain in place for a long time. I found, for example, that despite efforts to publicize new HR programs through company newspapers and flyers sent to employees at home, fewer than half the workers were familiar with programs such as flexible spending accounts and others that were mainly owned by HR.

Because the employees had a negative view of HR and because they saw HR as the moving force behind those innovations, they took a negative view of the innovations as well. Employees are far more likely to accept innovations if they believe the innovations have the sponsorship and support of top management. Innovations that employees' accept and approve, in turn, are more likely to succeed.

How, then, can employers improve the success rate of their innovative HR programs? By providing clear, toplevel support for HR innovations; ensuring that the HR department is not isolated from other departments; and making the entire company responsible for valuing diversity programs, fair hiring practices, and other HR programs and functions.

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