

# A New Employment Paradigm

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**An interesting confluence of events focused my thinking about** our existing employment paradigm and the relationship between not only employers and employed, but individuals and society.

I have believed that the old employment model, which largely originated during the Industrial Revolution, has been outmoded for some time. In this model, a feudal-style relationship came to pass. Employers sought the skills and contributions of labor and in return for those contributions, the employer would provide for a certain degree of economic security, career progression (as the employer saw fit), and retirement, usually in the form of defined benefit pension plans. In return, the employee was expected to provide loyalty (spelled o-b-e-d-i-e-n-c-e) in the form of tenure. The employee was expected to stay with the employer as long as the employer saw fit.

We didn't arrive at that social contract in an amicable way. In fact, one of the events that catalyzed me to write this was some assistance I was providing my daughter for a college paper. She was asked to compare the arguments presented by then President Herbert Hoover and his challenger, Franklin D. Roosevelt. Hoover's position in simple

terms: America was founded on individual ingenuity and independence, a model which had never seen a sustained level of success replicated anywhere in the world. Each person was literally given an opportunity to reinvent themselves if they chose, unburdened and unconstrained by the class systems evident in Europe and other places. Hoover talked about how well the model had worked, and that the “emergency” we found ourselves in was temporary, and the government should not intervene.

Roosevelt agreed in principle, but pointed out that there were a number of fundamental differences in the situation in 1932 than in previous years: there were no new frontiers to open up to allow people to homestead and farm, the Industrial Revolution had shifted our base from agrarian to industrial, and the wealth of the U.S. was concentrated in the hands of very few people.

Most of our “labor” or human resource laws were formulated during this period. The first laws legalizing an employee’s right to bargain with their employer didn’t pass until the late 1930’s. Those laws still govern much of the relationship between employers and employed today, and frankly have an implied, embedded adversarial nature.

That same era saw a kind of corporate and governmental feudalism begin to evolve. In return for what amounted to an oath of fealty (Latin *fidelitas*: faithfulness), corporations and the government stepped in to “take care” of people. This allegiance between a

vassal and a lord was the core of medieval feudalism.

During World War II and the Nixon administration, we saw the proliferation of “fringe benefits”. Legally, the ability to provide monetary inducements and incentives were limited; therefore unions and employers agreed to retirement and healthcare plans that were relatively inexpensive at the time. Most people grew up with the presumption that providing for their healthcare, retirement, and economic security was the responsibility of their employer, the government, or some combination of both.

**“...allegiance between vassal and lord was the core of medieval feudalism.”**

I have been practicing in the field of Human Resources long enough to remember when defined benefit pension and healthcare plans were standard.

The first 401k contributory retirement plans were viewed with suspicion and seen as unnecessary; your pension or retirement and social security would provide for your retirement, you didn't need to participate.

The mid eighties brought about a catalyst that fundamentally changed the manufacturing processes in this country-international competition. The economies we "re-built" in Japan and Germany embraced models that were being taught at Harvard in the 40's. The concepts we now refer to as "total quality", "Japanese manufacturing", and other names. When their products began to be embraced by American consumers for their superior quality and price we

had to change our models to compete in a global economy.

We also saw recognition that people really aren't disposable. We learned that employee turnover is expensive, as is litigation, low productivity, and rising healthcare costs, all of which affect the bottom line as much as industrial scrap and waste. The 80's also saw the death of the old social contract – if you obey you will get security. Companies that had promised lifetime employment began reducing their workforces and reducing pensions among other cost-cutting decisions. The lords were abandoning the vassals, i.e. breaking their contract bound with allegiance.

Employees also begin grasping the true meaning of employment at will – they are more of an equal partner in the covenant and were free to take their skills elsewhere.

My professional experience evolved during these times. I had – and retain – this bizarre notion that we can create and facilitate a different model, a model of enlightened partnership. This notion has been labeled with various names over the years: employee relations, empowerment, and most recently, engagement. At its best, it is a contract or covenant between two parties as an exchange of value for consideration that both find acceptable and equitable. Value is acknowledged by both parties.

In some ways, it resonates back to the original American model of individualism and independence; Jefferson called it "personal competency" and considered it as important as personal property rights. The inference for me is that with personal competency comes personal responsibility. Somewhere along the way we lost track of that in what sometimes appears to be a "corporate co-dependence" model.

I have always wondered why so many employers view adult employees (who raise their families, pay their bills, and plan their lives) as unable to understand competing demands for capital in a business, understanding the means we use to determine their compensation, or participating in other business decisions. When I hear someone comment that they “take care of their employees,” it bugs me. Employees are adults, they don’t require care, they require respect and clear expectations.

How many of us have frank discussions with our employees about expenditures for healthcare as a percentage of total costs as well as the root causes and lifestyle issues that could affect those costs? We have access and influence with our employees that their healthcare provider doesn’t. Some would say that we don’t have the right. I would submit that when I am paying the bill, I have the right to at least communicate the issue and the potential consequences.

**“The latest studies would tell you that employers with high engagement outperform their peers on EVERY KEY METRIC!”**

I have a model I call managing whole people. It is a model based on five factors: respect, responsibility, information, rewards, and loyalty. It is a **partnership** based on trust and mutual respect. I believe it yields engagement. The latest studies would tell you that employers with high engagement outperform their peers on **every key metric!**

I guess my new paradigm isn’t really new at all; I agree with Jefferson – every American is entitled to and should be expected to operate within the context of personal competency. We, the employer, will provide you, the employee, with the framework, and in return you will uphold your end of the covenant. A relationship based on mutual respect and clear expectations. Aren’t we overdue for this new model?