

We Must Regain Our Humanity at Work



RODD WAGNER

Something happened over the last decade, and it wasn't good for business or employees. More accurately, some *things* happened, and they've combined in a way that makes the workplace more impersonal.

We've lost much of our humanity at work. No one saw it coming. No one intended it. It arrived in big changes to the economy, but also in small changes to the law, to technology, or to company policy, often with immediate benefits that masked their larger implications.

The pension will be phased out in favor of a 401(k) match. The company will help pay for the latest digital device, so much the better to stay in touch with the office. One day a new electronic screening system helps HR take a first pass at incoming applications, and before long the software does most of the sifting. A modest change in workload leads to working through one weekend, which leads to another, which leads, before too long, to having a hard time remembering when one last took off for a weekend entirely uninterrupted by work.

Having allowed these slight modifications to accumulate over a decade or so, we now find ourselves treating people much more like cogs in the machine, like widgets. We've lost much of the human touch for what we now call our "human resources." Whether a company gets it back will largely determine its future.

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There is no single cause for what turned out to be a thorough rewriting of the psychological contract. Rather, a number of factors from societal to technological have combined to thoroughly mess up the nature of the relationship between people and the companies where they work.

- The Great Recession, which saw the number of unemployed people per job opening shoot from 1.5 to nearly 7, gave companies incredible power at the same time the leaders of those corporations were panicking about their profitability, if not the firms' survival. Executives dictated harsh terms to their employees at a time the employees were all but powerless to do anything about it. Even as employment is approaching pre-recessionary levels, the lack of wage growth suggests organizations still have an unhealthy upper hand.
- From the decline in company pensions in favor of 401(k)s to the increasing number of companies dropping health care coverage for their employees, firms are increasingly signaling, "You're on your own. Your financial success, your health, and your career are not our problem."
- The mantra of doing more with less too often means managers do more pure work and less person-to-person managing. We communicate nothing when we should at least email. We email when we should talk. There's even a company out there perfecting the ability of a robot

to hold a pen and mimic someone's handwriting, so that even what appears a personal note was, in fact, impersonally processed.

- Companies are increasingly faceless places to job applicants. Technology made it possible for people to apply for a job online, which, in their scramble to find a job, they do more indiscriminately. Companies not only can process these applications mechanically, because of the larger volume, in many cases they must let the computers do much of the sorting. “Job applicants have been changed into these bits-and-bytes kind of package for a software program that screens them as they apply for a job,” reported Mitchell Hartman on the radio program *Marketplace Money*. “These systems are persnickety. They're software; they're not human-ware.”
- We're pushing the limits of how much work is healthy for a human. Year by year, those who had a job worked more hours. Certainly during the recession, part of this was driven by fear that in not doing more hours than the next person, one's name would show up in the next round of layoffs. But working more hours was also the unintended consequence of electronic devices that made it possible to have the full power of the office tucked inside one's backpack.

- Our machines got better, cheaper, and more competitive with the cost of paying a person. So, one day self-checkout lanes appeared at the grocery store, and shortly thereafter they appeared at the home improvement store. Companies found they didn't need so many people after all.
- Perhaps underneath it all, at least for publicly traded companies, is the growing impatience of money. It would be hard to prove a clean causal relationship, but it is a curious coincidence that companies have become less invested over the long term in their employees as money managers have proven themselves less interested in making long-term investments in a company, any company, unless it maintains an almost impossible winning streak. The stock market puts companies—and by extension, all the employees—on permanent probation. It's widely speculated that cultural standout SAS Institute is able to buck the trend in part because it does not answer to traders.

None of these developments was earth-shattering by itself. All of them except the recession sneaked up on us year by year. But once fully in place and combined with the others, these shifts not only changed the terms of the deal, they may well have changed the very values by which corporate leadership once lived.

In 1970, three decades removed from the iconic garage in Palo Alto where Hewlett-Packard had been started, Bill Hewlett wrestled with a difficult decision. (Hewlett's partner, David Packard, was temporarily away from the company, serving as U.S. deputy secretary of defense.)

The country was in a recession. Orders to HP had slumped, coming in substantially below capacity. Revenues and profits were down. The company needed to cut 10 percent of its costs. Some of the company's managers, used to organizations hiring and firing in concert with profits, apparently jumped the gun and began terminating people. Loyal and hardworking employees were being blind-sided. Hewlett rushed out a memo to his managers.

"An increasing number of cases are coming to my attention in which employees are being terminated with little or no warning that their performance has been unsatisfactory," he wrote.

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“In some cases, evaluations have been glowing up to the time that an individual is released. There is no excuse for this. It is not humane. It is not HP-like. It is not justified.”

Hewlett told his managers that no one should be terminated without having “advance warning through written evaluations” and without having been “advised constructively” on how to improve. Whenever possible, the company, not the employee, should try to find somewhere else in HP where he or she could succeed. The employee should not be “turned loose to find his own job somewhere in HP,” he wrote. “Before any adverse action is taken, it should be well thought out,” he continued. “We must recognize that each of our people represents an individual with problems, families, etc.”

But there was still the issue of needing to cut costs, which could not be done without trimming the payroll. Hewlett issued another directive: Nearly everyone, himself included, would take off work every other Friday and take a corresponding 10 percent cut in pay. Production would be shut down on that day. Only salespeople, whose activity would create the orders needed to reverse the trend, were exempt. One company vice president called it “the Nine-Day Fortnight.”

“Usually in business, it is the little guy on the line who takes it on the chin, while management and higher-ups stay at work,” wrote Hewlett in announcing the decision. “It is only right that everyone share in the pain, up and down the line.”

Six months later, orders were again flowing into Hewlett-Packard at their normal rate. Production resumed on the second Fridays. “Some said they enjoyed the long weekends even though they had to tighten their belts a little,” wrote Packard. “The net result of this program was that effectively all shared the burden of the recession, good people were not released into a very tough job market, and we had our highly qualified workforce in place when business improved.”

Contrast Bill Hewlett’s handling of the 1970 recession with Target’s vague March 2015 announcement, tucked into the bottom of a news release, that it would save \$2 billion in part with “the elimination of several thousand positions over the next two years.”

“When the ax fell at Target Corp., no one actually swung it,” the *Minneapolis Star Tribune* commented on the whispering of the bad news.

“It’s massive. The term ‘several thousand’ suggests at least 2,000 and perhaps as many as 5,000 or 6,000 Target corporate workers are at risk,” reported the newspaper. “That’s a big

share of the 13,000 corporate employees in the Twin Cities. However, the announcement also left workers guessing about timing—and their own vulnerability.”

“When they’re not specific, people use their imagination and start filling in the blanks. That’s not necessarily a good thing,” James Quick, a professor of leadership and organizational behavior at the University of Texas-Arlington, told the paper.

In Target’s defense, after its massive 2013 data breach and its 2015 withdrawal from Canada, the need for the eliminated work may never return. Layoffs may be the logical choice. Still, after the cutbacks of the recession, the corporate world appears to do less hand-wringing about the emotional costs to employees of suddenly being unemployed, less worry about the “little guy on the line who takes it on the chin,” less recognition “that each of our people represents an individual with problems, families, etc.”

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In the past, economic studies show that for each 1 percent decrease in output, employment would drop only half a percent. While productivity suffered in the short term, companies were ready for growth during the recovery.

But something happened over the last two decades. In the last few recessions, more companies cut loose good people. They dropped employees faster than they had in the past. Surprise “game over” announcements like Target’s are now the rule.

“Firms proved keener to cut workers than hours,” reported *The Economist* magazine. “In the 1973–75 recession, . . . employment cuts accounted for less than a third of the reduction in man-hours. The remainder was achieved by shortening the working week or year.” In the Great Recession, “the split was reversed.”

Economists argue over the causes. Maybe today’s recessions are structural, tougher to recover from. “And to the extent that firms know this, they have less reason to hoard labor,” wrote economist and *New York Times* columnist Paul Krugman. “They’re not going to need those laid-off workers for a long time.” Maybe the decline in labor unions made companies less concerned about invoking their wrath. Maybe companies are trying to keep a lid on permanent employees to reduce the cost of new healthcare insurance requirements. Maybe so much

more of executive compensation coming from stock options has given those leaders a powerful incentive to “release” people in ways Hewlett and Packard would not.

Whatever the causes, the unwritten social contract between companies and workers has become more mercenary, more driven by a bargain cut for the needs of each here and now than a long-term working relationship. “There’s been a generational shift toward a less committed relationship between the firm and the worker,” said one bank economist. Northwestern University professor Robert Gordon says American workers have come to be seen as “disposable.” They are at greater risk of being treated as widgets.

There is a developing hypothesis that the reasons why leaders do or don’t do something for their employees have become less ethical and more selfish. Google lavishes perks on its employees while Wal-Mart cuts benefits. Why? Not because they should or should not, but because they either must or they need not. “There is a common theme to these two trends,” wrote Wharton School professor Peter Cappelli in the *Harvard Business Review*. “Both represent a shift in the benefits arena from a paternalistic model, where the goal was to look after employees and to treat them more or less equally, toward a more market-based approach, where the purpose of benefits is to help the company improve its financial performance.”

The same depersonalizing strategy now even runs through some parts of the employee engagement field. Engagement began as a simple idea that looking after people in their jobs and careers would be good for business. It had a sense of moral responsibility not unlike Hewlett's intentions toward "each of our people."

Now there is a large contingent that actually argues against employee happiness. "The idea of trying to make people happy at work is terrible," said the CEO of one old-school consultancy. Equating engagement and happiness "makes my ears ring and my mouth twitch," wrote one *Forbes* contributor. "There's no proof that happy employees will do anything great for your company."

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What the shift toward a more mercenary and selfish strategy overlooks is the power of employee reciprocity. People wise up quickly as whether their employers really care about them as individuals, what the company intends to give for what it wants to get, and—as the labor market improves—whether they might not be better off somewhere else. Employees will need to take more control of their own careers. They've been doing so incrementally for a generation.

As these facts become more apparent, the open question is what corporate leaders will do about it. Responses will vary depending on the ownership structure of the company, the composition of the boards of directors, and the perspective—even the integrity—of the CEO.

Some companies won't get it. These organizations see their people as a regrettable cost of doing business, and they seek to reduce the nuisances of having employees in the same way they try to option commodities at the lowest price. Improvements to the employees' lot at these enterprises are more likely to come from union organizing or legislative and regulatory acts than from anything the company voluntarily does for its employees.

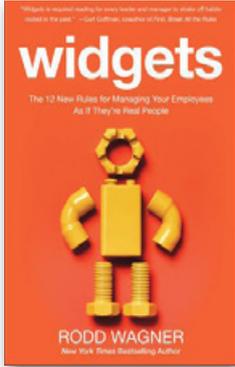
Other organizations will make a calculated decision about what to offer and what not to give. Realizing how much turnover, product defects, or poor corporate image are costing them, they will surgically target programs to try to make their companies better places for people to work.

But it won't work well, because that strategy is inherently parsimonious—based on ROI—and it will get from the employees similarly calculated decisions about what effort to give and what effort to withhold.

A few enterprises will respond on principle. Led by executives who see themselves as stewards of both the company's finances and the happiness of its employees, they will make decisions based on what, in Hewlett's terms, is the most "humane" approach, the one that recognizes the importance of each individual. And being generous with the investment they make in their employees, these organizations will see generosity in the efforts of their people. They'll keep more of their employees despite the more mercenary world outside their offices, and they'll have their choice of the most talented applications. Ironically, in looking less at the return on their efforts than in doing the right thing, they will, in fact, realize the highest returns.

Such are the rewards of an organization regaining its humanity. 📖

Info



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ABOUT THE AUTHOR | A former journalist turned employee advocate, Rodd Wagner is one of the foremost authorities on employee engagement and collaboration. Wagner's books, speeches, and thought leadership focus on how human nature affects business strategy. He currently serves as vice president of employee engagement strategy at BI Worldwide.

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