

# CORNELL HR REVIEW

## **The Theoretical Implications of HR on a Growing Corporation**

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There seems to always be the issue of business size versus business agility. Time and time again businesses have fallen behind due to their sheer size, along with their inflated bureaucracies and their inability to further innovate. However, that does not necessarily have to be the case. Through strong human resource management, the corporation can grow and remain capable of advancing and innovating. Stronger worker coordination, creating entertaining competitions, and forming measures of inclusion for those who are added to the workforce allow an organization to be agile while growing.

The increased size of companies can stifle innovation through the formation of organizational culture and social norms that do not permit new ideas. This can be caused by increased routines which often separate an individual's work experience from their personal interest. It can also be caused by excessive supervision, stubborn managers, and the creation of strong organizational cultures which may work to prevent dissent. The organization culture and social norms at White Cap prevented the company from being able to face the competition (White Cap). The production of plastic bottles had threatened their line of glass products but the company was unable to move towards the new market because of the ideology that pervaded the business and prevented new ideas. It took significant changes to alter the organizational culture and allow for innovation within R&D (White Cap).

Organizational structure and increased bureaucratization can reduce the agility of any corporation. Middle management and levels of specialized bureaucracy are necessary in order to provide oversight and direction. However, excessive levels can hinder progress by making the organization too slow to respond. Corning Glass Works encountered similar problems before it was restructured in the 1970's. Departmental routines had become entrenched and there was very little coordination due to the increased time it took to get simple tasks done (Corning Glass Works A). Despite this, the organizational structure remained the same and failed to respond. The path towards success was the formation of a new coordinated team and the removal of many positions to allow for innovative ideas and faster progress up the production ladder (Corning Glass Works C). The threat of overburdening management and bureaucracy affects every growing corporation.

One key solution to maintaining organizational efficiency and innovation is to increase worker coordination on new ideas. When people work independently of others, they often become isolated from their co-workers and fail to recognize the benefit their input can have. Such was the case at Corning when members of the manufacturing department became hostile towards the marketing department and failed to recognize any merit of

their ideas (Corning Glass Works B). With isolation, workers are more prone to confirmation bias and never noticing the flaws of their own ideas. The lack of coordination can harm worker morale and prevent collaboration to bring about new methods and ideas.

Increasing worker coordination can be done effectively to increase the efficiency of a corporation. However, the coordination must be structured in a way to promote diversity of opinion and avoid group-think. Successful tactics include getting people to make suggestions independently first and then discussing them with a group of co-workers. If employees are asked to submit suggestions on how to improve company performance or how to better reduce wasted time, they will likely be able to come up with new insights which did not occur to management before. But it takes the various input and discussion amongst the co-workers to determine if the idea would help performance, if it is feasible, and if it creates any new problems. This system of checks and balances can often be impeded by groupthink which can occur when dominant personalities support a certain idea and convince others. Appointing a devil's advocate or having anonymous voting can prevent groupthink. This will help to ensure that the workers can freely express their opinions but must argue their positions against reasonable criticism.

Competition is necessary for any organization. Competition, to a certain extent, can serve as a great motivator and does not need to harm worker coordination. In order for competition to be effective, there must be a successful motivation for winning and there must be relative equality of opportunity in order to ensure that the competition is fair. However, competition can create malevolent outcomes if it is not closely monitored and regulated to adhere to its goal. If a large bonus goes to the worker who comes up with the best suggestion for promoting efficiency in the work process, this may lead to people becoming isolated and refusing to trust each other. Workers may not take the competition seriously or may assume that a specific person will always win. Whether it is disinterest or disengagement from their co-workers, competition can prevent effective work behavior.

Competition should be based on an entertaining measure. The start-up community has been applauded for its use of start-up battles or technology competitions in which teams will make demonstrations to see which is better. Despite the competitive nature, the teams engage in friendly conversation, there is widespread socializing, and there are constructive team efforts. The same type of environment could be transferred into a corporation where teams form to make suggestions on how to improve efficiency, lower costs, improve revenue, or better the company in any sense. It would not only lead to better coordination with team members but would create an entertaining atmosphere that is conducive to innovative thinking. Along these lines, the prize for the competition should not simply be monetary. Rather, it should be something that is enjoyable yet not directly translatable into money. Examples include vacations and gift cards. These often help to reduce any feelings of resentment or jealousy while still retaining the motivating benefits.

Inclusion is necessary for any organization attempting to be innovative and agile. As the company grows, so will its number of employees and its range of functions. Similarly, it will have to transmit its corporate culture to the new entrants as well as form a new culture that is more inclusive. For example, as Ben & Jerry's grew from a small company into a large corporation, it required more employees and more executive managers (Ben & Jerry's). In order to maintain the organizational efficiency, the company worked hard to transmit its message of local buying and responsible production methods to its new entrants while changing its compensation system to attract enough management (Ben & Jerry's). The result was continuous innovation and the development of many new ice cream flavors which not only increased profits but made the brand a house-hold name.

Inclusion must be done so as to promote stability and efficiency while preserving the uniqueness of the individual. This is a very difficult balance to achieve as turning new entrants into committed employees takes time and resources. It requires establishing trust before the worker enters into the corporation. It requires a successful encounter with the organization, a process of change into becoming a member of the organization, and a positive outcome with regards to productivity and commitment. In short, it is best if the worker goes through the process and merges with the organization by using "we" instead of "them."

The main reason inclusion is so necessary is that it prevents progress from being stalled. If a new entrant is not aware of the organizational culture or work process, they will often make errors and stifle the work of others. Similarly, they may become frustrated and quit which entails more time and resources spent on replacing them. Inclusion into the company should be a steady process which involves sitting in group meetings, participating in discussion with employees without management present, and working alongside others in coordinated efforts. The inclusion process would eventually bring workers into the productive mindset and help assimilate them into the corporate culture.

As corporations grow, it becomes difficult to manage the workers and how to maintain a rapid pace of development and innovation. Problems arise with organizational culture that prevents innovation and organizational structure that makes the organization too slow. Yet, several tactics including improving worker coordination and creating entertaining competition help to drive innovation while inclusion can be used to maintain efficiency. There are ways to grow as a corporation and to compete with smaller competitors, but it requires focusing attention on how new ideas are crafted and pursued and how new workers adjust to the corporation. 8

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