

Managing Your Total “Labor” Force

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Labor Services and Segmentation

- Core Employees
- Supplemental Employees
- Independent Contractors
- Customers

Core Employees

- Carefully selected, full-time with base pay, variable pay, benefits, team-based work, voice, training and development, promotion opportunities, career paths, and business information sharing. These employees are managed as assets for whom expenditures are investments that add value. Hence, core employees are “customers” of high engagement HR practices

Supplemental Employees

- Part-time, temporary and short-term contract employees, vendored employees, leased/rented employees. Supplemental employees are managed as labor costs to be minimized. Hence, supplemental employees are “customers” of low engagement HR practices.

High Engagement HRM Practices Among Core & Supplemental Employees

(Mean Values on a 1 = low, 5 = high scale)

<u>HR Practice</u>	<u>Core</u>	<u>Supplemental</u>
Employment Continuity	3.3	1.5*
Selective Hiring	4.3	1.6*
Teams/Decentralization	4.1	1.4*
Variable Pay	4.5	1.4*
Training & Development	4.0	1.4*
Promotion Opportunity	3.9	1.3*
Business Information Sharing	4.1	1.5 *
Performance Management	4.3	1.6*
All Practices	4.1	1.5*

Source: Lewin (2013); N=1308 companies

*Significant difference between columns at $p < .05$

Independent Contractors

- Provide labor services under contractual arrangements for fixed contract prices. As with supplemental employees, independent contractors are managed as labor costs to be minimized. Hence, these contractors are “customers” of low engagement HR practices.

Customers Providing Labor Services: Examples

- Airline customers purchasing tickets and downloading boarding passes on line
- Hotel customers checking themselves in and out and ordering meals through in room TV and on line
- Electronic equipment customers diagnosing and repairing their devices on line
- Overnight delivery customers tracking packages and related items on line

Managing Customers That Provide Labor Services

- Can they be managed?
- Yes if they are treated similarly to core employees.
- This means that such customers are managed through high engagement HR practices similar to high engagement Customer Relationship Management (CRM) practices.

Total Labor Force Segmentation Depicted

