Individualizing organizations: Progress and possibilities

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"Work can be made a more rewarding place to be, and organizations can be made more effective if approaches to organizational design treat your employees as individuals." This statement is the first sentence in an article I wrote 40 years ago in *Organizational Dynamics*. It was true then, and it is today. A lot has changed since my article appeared in *Organizational Dynamics*. The title of the article is testimony to the amount of change that has occurred. "Match the job to the man" was not a bad title in 1974, but today it is clearly inappropriate. The use of "man" in this context is outdated and unacceptable.

Work and the employment relationship between individuals and organizations has become more individualized over the last 40 years, but there is good reason to believe that the movement toward individualized work is just beginning, and that it should go much further. The reasons for this are multiple. Primarily, organizations can be made more effective by using approaches to organization design and human resource management that take into account the great differences that exist among individuals.

In a follow-up to my 1974 *Organizational Dynamics* article, David Finegold and I argued in a 2000 article that because individuals differ significantly, it is increasingly important that organizations be more flexible in how they treat individuals. A lot has changed since 2000, and the diversity that exists in the workforce has increased significantly. The movement toward global businesses and organizations has created workforces that differ on almost every dimension that is important to how employees want to relate to their employers. Age diversity, racial diversity, gender diversity, religious diversity, value diversity, and national origin diversity have all increased. The diversity of the workforce will continue to increase. As more and more organizations operate globally, their workforces will consist of even more nationalities. Age discrimination laws make it possible for people to work for longer periods; as a result, age diversity will increase. Healthcare improvements have expanded life, resulting in greater age diversity. Single head-of-household families have redefined ways in which children are raised, as have the demands that parents face. In addition, there is a growing prevalence of single sex couples raising children. With respect to diversity, particularly important are the skill differences that exist. The growth of knowledge has created more knowledge areas, and more individuals in the workforce are graduating with specialized degrees. On the other hand, a significant segment of the population in most of the world is not getting an education that enables them to do knowledge work. With greater educational choices and Internet access that provides individuals with more diverse learning education and opportunities, the skill and knowledge differences in the workforce are certain to increase. In short, organizations today have workforces that are diverse in ways that are unprecedented and likely to increase. Overall, there is no reason to believe that the movement toward more diversity in the workforce is slowing down. If anything, it is likely to accelerate.

The growing diversity of the workforce creates a clear choice for organizations. They can focus on individualizing the work relationship they have with their members, or they can continue a "one-size fits all" approach. Clearly there are some advantages to homogenization. There are economies of

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scale and some best practices that work best when they are applied to most of the workforce. Moreover, individualization can only be taken so far. Extreme individualization can lead to chaos and the very antithesis of a well-organized, productive business. An important development that can make individualization more practical and effective is the increase of information technology, which has made it much easier for organizations to be simultaneously individualized and organized in an effective manner. Information technology can be a great facilitator of the choices individuals make with respect to their work arrangements, and it can facilitate coordination and integration. Today's information technology capabilities are radically different from those that existed 40 years ago. Social media, big data, and other terms highlight the point that much more information can be transmitted, developed, and there are multiple ways this information can be used to coordinate and organize individuals in productive and satisfying ways. We can create ways of running large, complex organizations that recognize the importance of treating people differently and placing them in environments and work situations that fit their unique skills, lifestyles, personalities, and needs. The challenge is to do so in ways that create organizations that perform well in a globally competitive world.

The idea of treating employees differently is certainly not new, and it exists in all organizations. Hierarchical organizations have always treated individuals differently based on what they do and how the organization is structured. What they have not done is give individuals and their managers the opportunity to make many decisions about how they are treated—with respect to issues ranging from the type of rewards they receive, to when, where, and how they work. It is important to note that some organizations can minimize the amount they need to individualize their work settings.

Small organizations can focus on recruiting, selecting, and developing a relatively homogenous workforce, and as a result, reduce the need to individualize how they treat their employees. This approach may be satisfactory in small organizations, but even then, it can only go so far. Employment law limits the degree to which organizations can create homogenous workforces, not to mention the limited validity of selection processes when it comes to hiring the "right" workforce.

AREAS OF INDIVIDUALIZATION

The relationship between an individual and the organization is affected by multiple features of the organization's design. My 1974 article focused on six areas of individualization: selection, job design, leadership, work-life balance, pay and benefits. Our 2000 article considered two others: employment contracts and career paths. All eight of these are still appropriate areas, with performance management being an important addition. Table 1 appeared in our 2000 article and presents my forecast in 1974, our view of what the reality was in 2000, and a forecast for the future. Overall, considerable change had occurred by 2000. Workplaces were more individualized than they were in 1974, but as can be seen in the forecast for the lecture, there was still considerable opportunity to do more. As we will discuss next, considerable change has occurred since 2000, and there is considerable opportunity to individualize nine key organizational areas, and ways to do it that were not possible in either 1974 or 2000.

TYPE OF EMPLOYMENT CONTRACT

The individualization of the employment contracts that individuals have with organizations was not on the radar in 1974.

Table 1 Individualizing the employment relationship.

	Past forecast (1974)	Current reality (2000)	Forecast for future
Employment contract	Not discussed	Increased use of temps, contractors; outsourcing partnerships to meet employer needs	Continued growth in variable work; self-employment to fit individual needs
Attraction and selection	Realistic job previews	Growing use of previews and behavioral-based interviews; use of the internet	Intranet-based job matching; self-assessment tools for fit; selection for projects mirroring initial hiring
Job design	Parallel, alternative designs of same job; increased rotations	Competencies > job-based work design; self-managing teams	Reconfigurable organization; job self-design
Leadership	Allow for multiple styles	Increased diversity of global leadership needs	Self-management of performance; team leadership skills for all
Career paths	Not discussed	Technical ladders; experiments with alternative pathways; career self-management	Multiple employers simultaneously; real support for career self-management; equal recognition for alternate paths
Work-life balance	4/10 Schedules; flex-time	Alternative work arrangements; telecommuting; widespread flextime; child and elder care	Blurring of the "workplace"; annual-hour contracts; flexible work arrangements
Pay	Skill-based pay	Skill and competence-based pay; individual team and organization-wide bonus plans	Ongoing growth of differentiated and variable pay for skills and performance; individualized reward mixes
Benefits	Cafeteria benefits	Cafeteria benefits	Trade-off benefits versus other parts of the contract; individual contracts