

A Theoretical Exposition on Internal Labour Mobility, Friction and Organizational Stability

Author Details:

Boahen, Patience Ama Nyantakyiwaa - Assistant Registrar Takoradi Polytechnic P.O. Box 256 Takoradi, Ghana

Abstract

Intra-corporate labour circulation holds a lot of promise for the stability of corporations in a potentially turbulent external environment. The dangers emanating from the latter can lead to organizational atrophy. So, labour movement is good. But it can be risky because movement/circulation induces friction whose dangers can be superficially masked by the gains accruing from processes of labour mobility.

A heuristic framework structured with normal organisational features is proposed to help deduce the actual nature of friction. The results from such efforts to capture friction can be quantified and used to gauge the placement of a corporate entity in an industry. This can then be used to ascertain the future prospects of an organization in terms of its internal and external stability.

Keywords: Labour mobility, organisational friction, heuristic framework

Introduction

Intra-organizational labour mobility schemes are a natural experience of corporate entities. Such alterations may be the result of organizations seeking to tweak the skills set of their employees to achieve corporate aims or reallocating assets where they're most suitable among others. Much more importantly, entities can achieve these aims without the delays and costs associated with external enlisting procedures to achieve similar objectives. Specifically, labour mobility programs lead to concrete benefits, including:

- Reduced productivity timespans
- Deeper employee-employer interaction
- Relatively reduced skills procurement costs
- Efficient information system
- Reduced threat of 'trade secret' leakage
- Loyal management regimes
- Improved fiscal systems and output

A Sketch of the Importance of Internal Labour Mobility Regimes

The above concrete benefits are not worthy in and of themselves. Their importance is cast in sharp relief when examined in the light of the need of corporations as defined by the contemporary context of globalization of corporate cultures: the standard by which all corporate entities must adopt or adapt universally to remain competitive and efficient. Aspects of the patterns of these corporate cultural imperatives are outlined below.

- Labour is increasingly regarded as a component of a corporate entity's assets and not as an external factor of production that can spuriously be mobilized and/or demobilized. The realization driving this culture is the idea that labour is a direct generator of fiscal value hence forward looking corporate entities make an explicit link between labour quality and shareholder value.
- Corporate entities are scaling back physical expansionary plans and reducing external hiring. This need can be due to economic conditions (especially after the 2008 global economic recession), to reduce exposure to the threat of (hostile) mergers and acquisitions, among many others. Irrespective of the reasons, this

imperative has dictated the strategic need of entities to be able to identify and circulate first rate performers in leaner and efficient organizations. Also, as the global poaching for first rate talent intensifies, corporate entities are under additional pressure to institute service conditions that reduce the exposure of hired first rate skills to eternal poaching.

- Entities also see the need to institute systems that will lead to organizational swiftness in allocating and reallocating talent; they must be both nimble and smooth if they are to live up to quick product development cycles in the light of fast paced development of innovative technologies as well as being alert to the tendencies of a dynamic business environment. This implies, for instance, that labour systems instituted to accomplish mid-range/short term aims need to be broken-up quickly upon accomplishment for efficient reassignment.
- In view of declining population in industrialized countries and stagnant development of skill generation in the developing world, general labour shortages worldwide are anticipated. This forecast is another justification for the need for the retention of existing employees through regimes that meet their professional goals and desires.
- A global economic context requires a global labour force. Labour circulation trends also point to an increasingly mobile labour force—all of which implies that organizations need to be able to quickly and smoothly reorganize and reassign labour to gain valuable international exposure.
- There is also a worldwide anticipation of shortage of executive leadership as a result of a shift of global centres of production away from the Atlantic system towards the economic spaces of the BRICS (Brazil, Russia, India, China and South Africa). The latter are not only retaining and better remunerating their citizen executive but also offering competitive conditions of service to the business leaders of industrial states. Given this, another advantage of internal mobility is that it enables corporate entities to reward loyal employees for grooming into leadership positions.

By and large, labour mobility irrespective of the specific motivation and expected advantage lead to the same corporate objective: making the best fit of existing labour with fluid positions with corporate objectives while allowing employees to flourish and the corporations they are embedded in to be stable.

Caution: Friction Ahead

This said, internal labour mobility which may include upgrades and downgrades, lateral moves, transfers, and relocations, comprehensive or selective may be complex and have indirect unanticipated effects. In its most rewarding effects, internal labour mobility compliments a total talent management strategy, which links skill procurement, performance and reward, succession planning, and employee development and overall corporate longevity. All these positives notwithstanding, the process because it involves ‘movement’ induces friction which can lead to corporate instability, stasis and (if not well managed) corporate decay. It is worthy of note that these tendencies can be activated even when the full advantages and compliments of mobility are being stimulated and its rewards are accruing. This implies that the ‘negatives’ of mobility in terms of the friction the process induces can be latent, that is, hidden and obscured by the positive returns of labour circulation. Corporate entities have to be alert to this and guard against its potential dangers.

We are not arguing for its total elimination. Friction in and of itself may not necessarily lead to corporate underdevelopment. Indeed friction may be a good tendency. It may afford opportunity for a well-paced out corporate dynamism for an effective evaluation of how well aspects of an entity are synchronised. It may also enable workers to be self-aware of their points of contact with the organization they are embedded in since different job descriptions will induce different intensities of friction. Otherwise workers will behave like lifeless automations unaware of the dynamics of the living corporation in a constantly evolving environment. As a result of this and the challenge of knowing if, where, how and which friction by what is being induced, the goal will not be to eliminate tendencies of friction *per se* but knowing what strategy/tactic to adopt to determine the right cause of action. What follows is an outline of the mental heuristic framework that ought to guide the decision making process?

Mapping Heuristic: An Outline of Tactics, Systems, and Strategies

Labour mobility processes may range from marginal specific events of short duration (tactical) to more comprehensive overhauls (systematic) to smart interventions somewhere in between the tactical and systematic. Given the complexity and the wide array of empirical corporate experiences a very simplified and watered down heuristic model that can be adopted and adapted to fit the specifics of given instances is presented below.

Table 1: Heuristic Framework for Friction Analysis

ANCHORS OF HEURISTIC FRAMEWORK	TACTICAL	SYSTEMATIC	STRATEGIC
Is there universal accessibility to internal placements by all employees?	No	Only within specific functions, regions, or business units.	Yes
Does the labour management unit think internal workforce acquisition or [re] deployment to be part of its mission?	No	Only when employees apply for internal vacancies.	Yes
At what level is skill set profile data stored for each employee?	Single pre-hire skill set profile capture	Post hire data only	Pre and Post hire skill set data capture
Is a succession planning regime in place.	No	Restricted to executive strata.	Universal
Is an internal labour mobility regime used as a corporate evolutionary mechanism?	No	Yes, but informally.	Yes, an integral/formal component of corporate evolutionary dynamics
Is a standard internal labour mobility regime in place?	No	For external secondments only.	For all forms of labour secondments: internal & external
The fraction of positions that can be filled with internal candidates that ought to be known at any given time.	Less than 20% or can be ignored	20–40%	More than 40%.
Is technology used to facilitate internal labour mobility (ie. objective) or is it a subjective process?	Not Applicable	Objective and Subjective	Objective
Is labour mobility information monitored to gauge the effect on corporate resilience, adaptability, coherence, agility etc.	No	Yes, but in an irregular manner.	Yes and formalized into corporate strategy.
Are supervisors made to account for labour circulation within the entity?	No	Yes, but irregular and informal.	Yes, internal labour mobility data is monitored and used to determine the output of supervisors.

Systems are interactive and reactive. This assertion is true from both the macro (the external environment of the corporate entity) and micro (the internal subsystem of the entity) level perspective hence the above heuristic framework can be optimally deployed when it is made to link the macro and micro systems of the corporate entity. The themes below can serve as links in any effort in this regard. Again it is meant to serve as a guide to simplify complex realities in and around a corporate entity.

Internal Labour Mobility, Friction and Operational Cost Reduction

The results from a friction audit executed with the aid of the above framework may be validated and costed and its results compared with the operational costs of other corporations in a given industry. Alternatively the level of friction captured in terms of corporate tax can be compared with its average industry level.

Internal Labour Mobility, Friction and Productivity Gestation Timespan

The timespan for productivity changes (positive or negative) in the aftermath of labour reassignments can also be calculated and quantified and compared with industry level standards in order to gauge the accuracy of the above framework.

Internal Labour Mobility, Friction and Direct Cost Saving

Internal labour mobility processes save corporations money by lowering the long term direct labour costs by as a result of on-the-job corporate socialization. The positive estimates of such costs, compared with the actuals as it relates to industry level standards can be measured vis-a-vis its derivative from friction audit assessments.

Internal Labour Mobility, Friction and Intellectual Property

To what extent has corporate innovations being enhanced or undermined in the aftermath of labour reassignments? How does this compare with industry level standards and its quantum in terms of friction audit figures? Answers to these questions will give one a clue to the accuracy of the deployment of the heuristic frame work.

Internal Labour Mobility, Friction and Employee Worth

Ideally, labour value is enhanced with learning. We noted above that friction can lead to labour learning about itself and the organization in which it is embedded. How does this compare with the industry level labour value?

Conclusion

Intra-corporate labour circulation holds a lot of promise for the stability of corporations in a potentially turbulent external environment. The dangers emanating from the latter can lead to organizational atrophy. So, labour movement is good. But it can be risky because movement/circulation induces friction whose dangers can be superficially masked by the gains accruing from processes of labour mobility. Not that friction is bad per se but it portends caution. Its actual nature can be deduced from a heuristic framework structured with normal organizational features. The results from such efforts to capture friction can be quantified and used to gauge the placement of a corporate entity in an industry. This can then be used to ascertain the future prospects of an organization in terms of its internal and external stability.

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