

Manufacturing:

# Understanding the Employee-centric Organization

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# Summary

This paper explores the concept of an employee-centric manufacturing organization, emphasizing the crucial connection between the growth of manufacturing entities and the well-being of their workforce. It seeks to define the core aspects of adopting an employee-centric approach within the manufacturing sector, examining the key role Human Resources (HR) can play in fostering these principles. Considering the manufacturing sector's diversity, which includes a wide range of production processes and operational models, the paper strives to present its findings in a way that is applicable across various manufacturing contexts. This strategy ensures that the insights are relevant to a broad audience of professionals, managers, and stakeholders within the manufacturing industry. Through this analysis, the paper aims to provide valuable perspectives that could significantly impact the development and implementation of advanced manufacturing strategies, thereby cultivating a culture that prioritizes employee engagement and well-being in the manufacturing sector.

## Thesis Statement

In recent years, the manufacturing industry has increasingly recognized the importance of adopting an employee-centric model as a foundational strategy within organizational management. This paradigm shift challenges the conventional business ethos that places profit above people, spotlighting an organizational model that prioritizes the well-being, engagement, and satisfaction of its workforce. This focus is seen as a crucial driver of productivity, innovation, and competitive advantage in a sector that heavily depends on the skills, dedication, and professionalism of its employees.

The manufacturing sector faces distinctive challenges that underscore the need for an employee-centric approach. These challenges include the demand for highly skilled professionals proficient in navigating the complexities of manufacturing processes and operations, the imperative to maintain high standards of product quality in a highly competitive market, and the management of a workforce that is not only technically skilled but also seeks meaningful and engaging work. In this context, fostering a culture that prioritizes the needs and well-being of employees is seen not just as an ethical obligation but as a strategic imperative. Such a culture can lead to increased job satisfaction, reduced turnover rates, and a workforce that is more engaged, loyal, and resilient.

Within this framework, the role of Human Resources (HR) is paramount. HR professionals are tasked with translating the principles of employee-centricity into practical strategies and policies. This involves a wide range of responsibilities, from the development of effective talent management and professional development initiatives to ensuring a work environment that promotes inclusivity, respect, and a healthy work-life balance. HR's role evolves beyond traditional administrative functions to that of strategic partners, crucial in driving organizational transformation. They align employee aspirations with the goals of the manufacturing organization, nurturing a work culture where individuals feel genuinely valued and empowered to contribute to the organization's success.

Despite the clear benefits of embracing employee-centric practices and the pivotal role of HR in facilitating these strategies, there remains a significant research gap, especially within the manufacturing sector. This paper seeks to address this gap by defining what constitutes an employee-centric organization in manufacturing and how HR can lead management teams in cultivating and sustaining such a culture. Through this exploration, the paper contributes to the dialogue on effective organizational management in manufacturing, offering insights that could help organizations develop workplaces where employees are central to achieving organizational excellence.

## What Defines an Employee-centric Organization in Manufacturing

At the heart of employee-centric organizations within the manufacturing sector lies the cultivation of a culture that places employee well-being, engagement, and satisfaction as paramount. This culture is nurtured through an organizational ethos that champions open communication, inclusivity, and the empowerment of employees. Key practices include the development of feedback mechanisms to better understand and address employee needs and preferences, thereby fostering an environment that encourages active participation and the sharing of knowledge and expertise (Schein, 1992).

The implementation of an employee-centric approach in manufacturing is highlighted by the introduction of flexible work arrangements. These arrangements are tailored to meet the diverse needs of employees, offering options such as remote work, flexible scheduling, and part-time positions, all contributing to improved work-life balance and increased job satisfaction (Nonaka & Takeuchi, 1995).

A vital aspect of employee-centric organizations is the focus on continuous training and development. This extends beyond traditional training methods to include mentorship programs, career development initiatives, and cross-functional learning opportunities, all aimed at enhancing employee skills and broadening career trajectories (Argyris & Schön, 1978).

The establishment of effective feedback and recognition systems is crucial, promoting a culture of continuous improvement and acknowledgment. Practices such as 360-degree feedback, employee recognition programs, and regular performance reviews play a pivotal role in identifying development opportunities and celebrating accomplishments (London & Smither, 1995).

Encouraging collaborative teams leverages diverse talents and perspectives, significantly boosting problem-solving capabilities, driving innovation, and fostering a sense of community and belonging within the organization (Edmondson, 1999).

Embracing diversity and inclusion is a cornerstone of an employee-centric philosophy in manufacturing. This approach involves equitable hiring practices and creating a workplace

where diverse viewpoints are not only valued but seen as essential for the organization's success (Sitkin, 1992).

Engaging with external networks and platforms for employee development enhances organizational learning. Participation in professional associations, industry conferences, and online learning platforms provides employees with valuable opportunities for growth and innovation (Bench, 1998).

The dedication of leadership to uphold employee-centric values is fundamental in creating a supportive and empowering workplace environment. Leaders must actively promote and implement policies that emphasize employee well-being and professional development (Senge, 1990).

Transitioning to an employee-centric model in manufacturing necessitates effective change management strategies to ensure organizational readiness and secure employee support. Communicating the benefits of employee-centric practices and involving employees in the transition process are crucial for a smooth and successful transformation (Kotter, 1996).

Evaluating the impact of employee-centric practices is essential for ongoing improvement. This involves setting clear objectives for employee engagement and satisfaction, measuring outcomes through surveys and feedback, and adapting strategies based on the insights obtained (Kirkpatrick, 1994).

In conclusion, evolving into an employee-centric organization in the manufacturing sector involves a comprehensive strategy that prioritizes employee well-being and engagement. By fostering a supportive culture, offering flexible working conditions, and committing to continuous training and development, organizations can enhance their adaptability, innovation, and overall performance, achieving sustained success in the competitive manufacturing landscape.

## How Can HR Assist in Developing an Employee-centric Organization

In the manufacturing sector, the role of Human Resources (HR) in fostering and sustaining an employee-centric organization is critical. As outlined by Schein (2010), organizational culture is a complex system of shared beliefs and values that influence behavior within organizations. In manufacturing, where efficiency, safety, and innovation are paramount, HR's role in shaping these cultures is crucial. This extends beyond policy enforcement to the creation of a work environment that prioritizes employee well-being and engagement (Schein, 2010).

The strategic collaboration between HR and management is vital in aligning employee-centric values with the goals of the organization. Ulrich, Brockbank, and Ulrich (2019) highlight the importance of HR professionals as strategic partners, ensuring the

alignment of the workforce with the company's strategic objectives. This alignment is particularly critical in manufacturing, where the effectiveness and satisfaction of the workforce are directly tied to productivity, quality, and organizational success (Ulrich, Brockbank, & Ulrich, 2019).

Recruitment and retention present significant challenges in the competitive landscape of manufacturing, characterized by a high demand for skilled professionals and the technical complexity of the work. Breugh (2008) emphasizes the need for strategic HR management to build and maintain a skilled and stable workforce, which is essential for the success of the organization and the fulfillment of production goals (Breugh, 2008).

Furthermore, the emphasis on skilled professionals underlines the necessity of continuous training and development. Noe (2017) discusses the importance of ongoing training programs to maintain a competitive edge, ensuring employees are equipped for their current roles and prepared for future challenges and innovations within the industry (Noe, 2017).

Employee well-being and engagement are central to maintaining an employee-centric organization. Hallowell and Gambatese (2010) discuss the importance of safety and health programs, which in the context of manufacturing, include physical safety, mental health, and stress management. These programs highlight HR's role in crafting policies that support a safe and supportive culture (Hallowell & Gambatese, 2010). Khan (1990) provides insights into the psychological conditions that foster employee engagement, emphasizing HR initiatives that motivate the workforce and contribute to the success of the organization (Khan, 1990).

Implementing work-life balance policies is also crucial, especially in the demanding environments of manufacturing. Kossek & Hammer (2014) argue that such policies not only improve employee satisfaction but also productivity, an essential aspect in sectors where meeting production targets must be balanced with personal well-being (Kossek & Hammer, 2014).

In summary, HR's role in promoting an employee-centric culture within the manufacturing sector is comprehensive and indispensable. Through strategic alignment, culture development, talent management, and the enhancement of employee well-being and engagement, HR practices play a pivotal role in creating a workplace where employees feel valued and supported. These efforts not only benefit the employees but also contribute to the organization's success, innovation, and adaptability, addressing the unique challenges of the manufacturing sector.

This narrative, underpinned by scholarly research, provides a solid framework for understanding the critical role of HR in advancing employee-centric organizational cultures within the manufacturing industry.

# Discussion

In the manufacturing sector, embracing employee-centric practices yields significant benefits, including improved job satisfaction, higher productivity and work quality, better well-being and mental health, and enhanced innovation and problem-solving skills. These advantages are particularly meaningful in industries where the quality of workmanship is crucial, and the physical and mental demands of the job underscore the need for a focus on health and well-being. However, transitioning to an employee-centric model also introduces several challenges, such as increased costs, complexity in implementation, potential impacts on short-term operational efficiency, and the risk of deviation from traditional manufacturing norms.

**Enhanced Employee Satisfaction and Retention:** Employee-centric practices make manufacturing workers feel valued and respected, leading to greater job satisfaction. In sectors where attracting and retaining skilled talent is critical, this approach can significantly reduce turnover rates and the costs associated with recruiting and training new staff (Harter, Schmidt, & Hayes, 2002).

**Increased Productivity and Quality of Work:** When employees' needs are met and they receive adequate support, their productivity and the quality of their work improve. For manufacturing organizations, this means producing goods more efficiently and effectively, with superior product outcomes that enhance customer satisfaction and foster repeat business (Bakker & Demerouti, 2007).

**Enhanced Well-being and Mental Health:** Prioritizing mental health and overall well-being leads to a healthier work environment. Given the physically demanding nature of manufacturing work, focusing on health not only benefits employees' well-being but can also reduce costs related to absenteeism and decreased productivity (Zohar, 2010).

**Boosted Innovation and Problem-Solving:** Encouraging employee participation in decision-making processes fosters a culture of innovation. In the dynamic world of manufacturing, where organizations face complex challenges, an engaged and motivated workforce eager to find innovative solutions is invaluable (Amabile & Kramer, 2011).

**Increased Costs:** Implementing employee-centric practices requires significant investment in better compensation packages, comprehensive training and development programs, and initiatives aimed at improving health and well-being. For organizations operating within tight financial constraints, these costs can be substantial (Pfeffer, 1998).

**Complexity in Implementation:** Adapting HR policies to create an employee-centric culture can be complex, requiring major shifts in organizational culture and management practices. The diverse operational areas and product lines of many manufacturing organizations add to the challenge of applying these policies uniformly (Kotter, 1996).

**Risk of Decreased Immediate Operational Efficiency:** Focusing on long-term employee well-being and engagement may impact short-term operational efficiency. For smaller

organizations or those experiencing immediate financial pressures, prioritizing employee-centric practices may seem untenable (Cascio, 2003).

**Potential for Misalignment with Industry Norms:** The manufacturing industry traditionally focuses on productivity and efficiency, with a strong emphasis on output and quality control. Moving towards an employee-centric model could conflict with these established norms, requiring significant cultural transformation within organizations and potentially affecting production dynamics (Egan, 1998).

While the adoption of an employee-centric approach in the manufacturing sector offers numerous advantages, it also introduces challenges that organizations must navigate. Careful consideration and strategic planning are essential to integrate employee-centric practices effectively, ensuring they complement the unique demands and realities of the manufacturing landscape.

## Conclusion

The shift towards becoming an employee-centric organization in the manufacturing sector signifies a strategic and profound transformation that places employee well-being, engagement, and satisfaction at the core of organizational objectives. This transformation demands a fundamental cultural shift, grounded in a commitment to open communication, inclusivity, and empowerment. By implementing practical measures such as flexible work arrangements, continuous training opportunities, effective feedback mechanisms, and promoting diversity and teamwork, organizations lay the groundwork for creating a vibrant, innovative, and cohesive manufacturing environment.

Adopting an employee-centric approach not only enhances job satisfaction but also initiates a positive domino effect throughout the organization, increasing productivity, stimulating creativity, and securing a competitive edge. However, undertaking this transformative journey presents challenges, necessitating steadfast leadership, efficient change management, and an ongoing process of evaluation and refinement to ensure practices align with both employee needs and organizational objectives.

In today's complex manufacturing environment, organizations that successfully adopt and maintain employee-centric practices are poised to reap substantial rewards. They cultivate a motivated, highly skilled, and unified workforce, positioning themselves as attractive employers in a competitive market, adept at attracting and retaining top talent. Thus, the move towards an employee-centric model is not just a strategic choice but a critical evolution for organizations striving for excellence in a rapidly changing and interconnected manufacturing landscape.

The indispensable role of Human Resources (HR) in fostering an employee-centric culture within the manufacturing industry is pivotal. Through strategic alignment, culture building, talent management, and promoting well-being and engagement, HR leads the way in creating an organizational climate that genuinely values and supports its employees. This commitment goes beyond policy enforcement to represent a deeper investment in the

holistic well-being and development of employees, recognizing them as the foundation of organizational success and longevity.

Insights from authors such as Schein (2010), Ulrich, Brockbank, and Ulrich (2019), Breugh (2008), Noe (2017), Hallowell and Gambatese (2010), Khan (1990), and Kossek and Hammer (2014) underscore the complexity and importance of HR's role in this process. From enhancing mental health and facilitating lifelong learning to improving recruitment and retention and advocating for work-life balance, HR's responsibilities are crucial in addressing the unique challenges of the manufacturing sector. These initiatives not only drive the immediate success of manufacturing operations but also underpin the long-term adaptability and resilience of organizations in this industry.

As the manufacturing sector evolves amidst technological advancements and shifts in the labor market, the importance of HR in fostering and maintaining an employee-centric culture becomes increasingly crucial. Organizations that prioritize and skillfully implement these HR practices are likely to see enhancements in productivity, innovation, and competitive positioning, establishing themselves as industry leaders. Pursuing an employee-centric culture is, therefore, a strategic investment in the workforce that yields both organizational prosperity and employee satisfaction, highlighting the invaluable role of HR in shaping the future of the manufacturing industry.

Transitioning to an employee-centric framework within manufacturing offers compelling advantages, such as improved employee satisfaction and retention, enhanced quality of work and productivity, and increased innovation and problem-solving capabilities. These benefits highlight the significant impact of valuing and investing in employees on the overall success and sustainability of organizations in this sector.

Nevertheless, the transition is accompanied by challenges, including the financial implications of implementing comprehensive employee-centric practices, the complexity of adapting HR policies to a diverse and dynamic workforce, and potential impacts on short-term operational efficiency. Moreover, the need for a considerable cultural shift within organizations, which may conflict with established manufacturing norms, requires a careful and strategic approach to change management.

Despite these challenges, the long-term benefits of fostering an employee-centric culture in the manufacturing sector—ranging from reduced turnover costs to superior product outcomes and a strengthened competitive edge—make a compelling case for its adoption. Organizations willing to navigate the complexities of this transformation and the necessary cultural realignment are not only poised to enhance employee well-being and engagement but also to achieve sustained growth and success.

As the sector progresses, organizations that prioritize the needs and well-being of their workforce are set to become industry leaders, redefining standards of excellence and innovation in manufacturing. Balancing the immediate challenges with the long-term benefits of employee-centric practices will be key to securing lasting success and resilience in an increasingly competitive and dynamic manufacturing environment.

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