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High-performance Work Systems

Key concepts and terms

- High-commitment management
- High-involvement management
- High-performance management
- Performance management model
- High-commitment model
- High-performance culture
- High-performance work system (HPWS)

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The characteristics of a high-performance culture
- The components of a HPWS
- Developing high-performance work systems
- The characteristics of a high-performance work system (HPWS)
- Impact of high-performance work systems

HIGH PERFORMANCE WORK SYSTEMS

Introduction

Organizations are in the business of achieving sustained high performance. They do this through the systems of work they adopt but these systems are managed and operated by people. Ultimately, therefore, high-performance working is about improving performance through people. The aim is to achieve a high-performance culture. This can be done through the development and implementation of high-performance work systems, which incorporate to varying degrees processes of high performance, high commitment and high involvement management. High-performance working can involve the two 'ideal type' approaches to HRM;

- 1) the 'high-commitment' model – 'a move from external control through management systems, technology and supervision to self-control by workers or teams of workers, who, because of their commitment to the organization, would exercise responsible autonomy and control in the interests of the organization'. The emphasis is on intrinsic control and intrinsic rewards.
- 2) The 'performance management model' in which management retains much of the control – 'the focus is on the adoption of practices designed to maximize high performance by ensuring high levels of competence and motivation.' The emphasis is on external control and extrinsic rewards.

High-performance culture

The aim of a HPWS is to achieve a high-performance culture, one in which the values, norms and HR practices of an organization combine to create a climate in which the achievement of high levels of performance is a way of life.

Characteristics of a high-performance culture

- Management defines what it requires in the shape of performance improvements, sets goals for success and monitors performance to ensure that the goals are achieved.
- Alternative work practices are adopted such as job redesign, autonomous work teams, improvement groups, team briefing and flexible working.
- People know what's expected of them – they understand their goals and accountabilities.
- People feel that their job is worth doing, and there is a strong fit between the job and their capabilities.
- People are empowered to maximize their contribution.

- There is strong leadership from the top that engenders a shared belief in the importance of continuing improvement.
- There is a focus on promoting positive attitudes that result in an engaged, committed and motivated workforce.
- Performance management processes are aligned to business goals to ensure that people are engaged in achieving agreed objectives and standards.
- Capacities of people are developed through learning at all levels to support performance improvement and people are provided with opportunities to make full use of their skills and abilities.
- A pool of talent ensures a continuous supply of high performers in key roles.
- People are valued and rewarded according to their contribution.
- People are involved in developing high-performance practices.
- There is a climate of trust and teamwork, aimed at delivering a distinctive service to the customer.
- A clear line of sight exists between the strategic aims of the organization and those of its departments and its staff at all levels.

High-performance work system defined

High-performance work systems facilitate employee involvement, skill enhancement and motivation. An HPWS is 'generally associated with workshop practices that raise the levels of trust within workplaces and increase workers' intrinsic reward from work, and thereby enhance organizational commitment'. High performance is a way of organizing work so that front-line workers participate in decisions that have a real impact on their jobs and the wider organization.

The high-performance work paradigm

Alternative work practices that have been identified include:

- 1) Alternative job design practices, including work teams (autonomous or non-autonomous), job enrichment, job rotation and related reforms; and
- 2) formal participatory practices, including quality circles or problem-solving groups, town hall meetings, team briefings and joint steering committees. Of these practices, work teams and quality circles can be considered as most central to the high-performance paradigm.

High-commitment employment practices that have been identified include:

- 1) sophisticated selection and training, emphasizing values and human relations skills as well as knowledge skills;
- 2) behaviour-based appraisal and advancement criteria;
- 3) single status policies;
- 4) contingent pay systems, especially pay-for-knowledge, group bonuses, and profit sharing;
- 5) job security;
- 6) above-market pay and benefits;
- 7) Grievance systems; and others.

Three broad areas of High Performance Work Practice:

1. High employee involvement work practices – eg self-directed teams, quality circles and sharing/access to company information.
2. Human resource practices – eg sophisticated recruitment processes, performance appraisals, mentoring and work redesign.
3. Reward and commitment practices – eg various financial rewards, family-friendly policies, job rotation and flexi hours.

Characteristics of an HPWS

- It links the firm's selection and promotion decisions to validated competency models.
- It is the basis for developing strategies that provide timely and effective support for the skills demanded to implant the firm's strategies.
- It enacts compensation and performance management policies that attract, retain and motivate high-performance employees.

Components of an HPWS

- Job infrastructure – workplace arrangements that equip workers with the proper abilities to do their jobs, provide them with the means to do their jobs, and give them the motivation to do their jobs. These practices must be combined to produce their proper effects.
- Training programmes to enhance employee skills – investment in increasing employee skills, knowledge and ability.
- Information sharing and worker involvement mechanisms – to understand the available alternatives and make correct decisions.
- Compensation and promotion opportunities that provide motivation – to encourage skilled employees to engage in effective discretionary decision making in a variety of environmental contingencies.

Impact of high-performance work systems

- higher level of shareholder and gross return on capital.
- an increase in productivity and an improvement in quality.
- increase in financial performance;
- creates a positive culture change in the organization (eg, cooperation and innovation);
- creates higher degrees of job satisfaction among employees;
- positively influence the way in which work was designed;
- leads to marked improvement in communication processes within the organization.

The impact of HPWS on individual workers was to enhance:

- trust by sharing control and encouraging participation;
- intrinsic rewards because workers are challenged to be creative and use their skills and knowledge – discretion and autonomy are the task-level decisions most likely to enhance intrinsic rewards;
- organizational commitment through opportunity to participate, and incentives that make people feel that organizational relationships are beneficial for them;
- job satisfaction because of participation, perception of fairness in pay and adequate resources to do jobs (inadequate resources is a cause of dissatisfaction, as is working in an unsafe or unclean environment).

Approach to developing an HPWS

The approach to developing an HPWS is based on an understanding of what the goals of the business are, what work arrangements are appropriate to the attainment of those goals and how people can contribute to their achievement. This leads to an assessment of what type of performance culture is required.

- The development programme requires strong leadership from the top. Stakeholders – line managers, team leaders, employees and their representatives – should be involved as much as possible through surveys, focus groups and workshops.

The development programme

- The steps required to develop an HPWS are described below.

1. Analyze the business strategy

- Where is the business going?
- What are the strengths and weaknesses of the business?
- What threats and opportunities face the business?
- What are the implications of the above on the type of work practices and people required by the business, now and in the future?

2. Define the desired performance culture of the business and the objectives of the exercise. Answer the questions:

- What differences do we want to make to working arrangements?
- How do we want to treat people differently?
- What do we want people to do differently?

3. Analyze the existing arrangements.

Start from the headings defined at Stage 2 and analyze against each heading:

- What is happening now in the form of practices, attitudes and behaviors?
- What should be happening?

- What do people feel about it? (The more involvement in this analysis from all stakeholders the better.)
4. *Identify the gaps between what is and what should be*
 - Clarify specific practices where there is considerable room for improvement.
 5. *Draw up a list of practices that need to be introduced or improved*

At this stage only a broad definition should be produced of what ideally needs to be done.
 6. *Establish complementarities*
 - Identify the practices that can be linked together in ‘bundles’ to complement and support one another.
 7. *Assess practicality*

The ideal list of practices, or preferably, bundles of practices, should be subjected to a reality check:

 - Is it worth doing? What’s the business case in terms of added value? What contribution will it make to supporting the achievement of the organization’s strategic goals?
 - Can it be done?
 - Who does it?
 - Do we have the resources to do it?
 - How do we manage the change?

- *8. Prioritize*
- In the light of the assessment of practicalities, decide on the priorities that should be given to
- introducing new or improved practices. A realistic approach is essential. There will be limits on
- how much can be done at once or any future time. Priorities should be established by
- assessing:
 - the added value the practice will create;
 - the availability of the resources required;
 - anticipated problems in introducing the practice, including resistance to change by stakeholders (too much should not be made of this: change can be managed, but there is much to be said for achieving some quick wins);
 - the extent to which they can form bundles of mutually supporting practices.

9. Define project objectives

- Develop the broad statement of objectives produced at Stage 2 and define what is to be achieved, why and how.

10. Get buy-in

- This should start at the top with the chief executive and members of the senior management team, but so far as possible it should extend to all the other stakeholders (easier if they have been involved at earlier stages and if the intentions have been fully communicated).

11. Plan the implementation

- who takes the lead – this must come from the top of the organization,
- who manages the project and who else is involved;
- the timetable for development and introduction;
- the resources (people and money required);
- how the change programme will be managed, including communication and further consultation;
- the success criteria for the project.

- *12. Implement*
- Too often, 80 per cent of the time spent on introducing an HPWS is devoted to planning and only 20 per cent on implementation. It should be the other way round. Whoever is responsible for implementation must have considerable project and change management skills.

Congratulations