Creating High-Performance Work Systems

Managing Human Resources 13e
Bohlander and Snell

Objectives

After studying this chapter, you should be able to:

1. Discuss the underlying principles of high-performance work systems.

2. Identify the components that make up a high-performance work system.

3. Describe how the components fit together and support strategy.

4. Recommend processes for implementing high-performance work systems.

5. Discuss the outcomes for both employees and the organization.
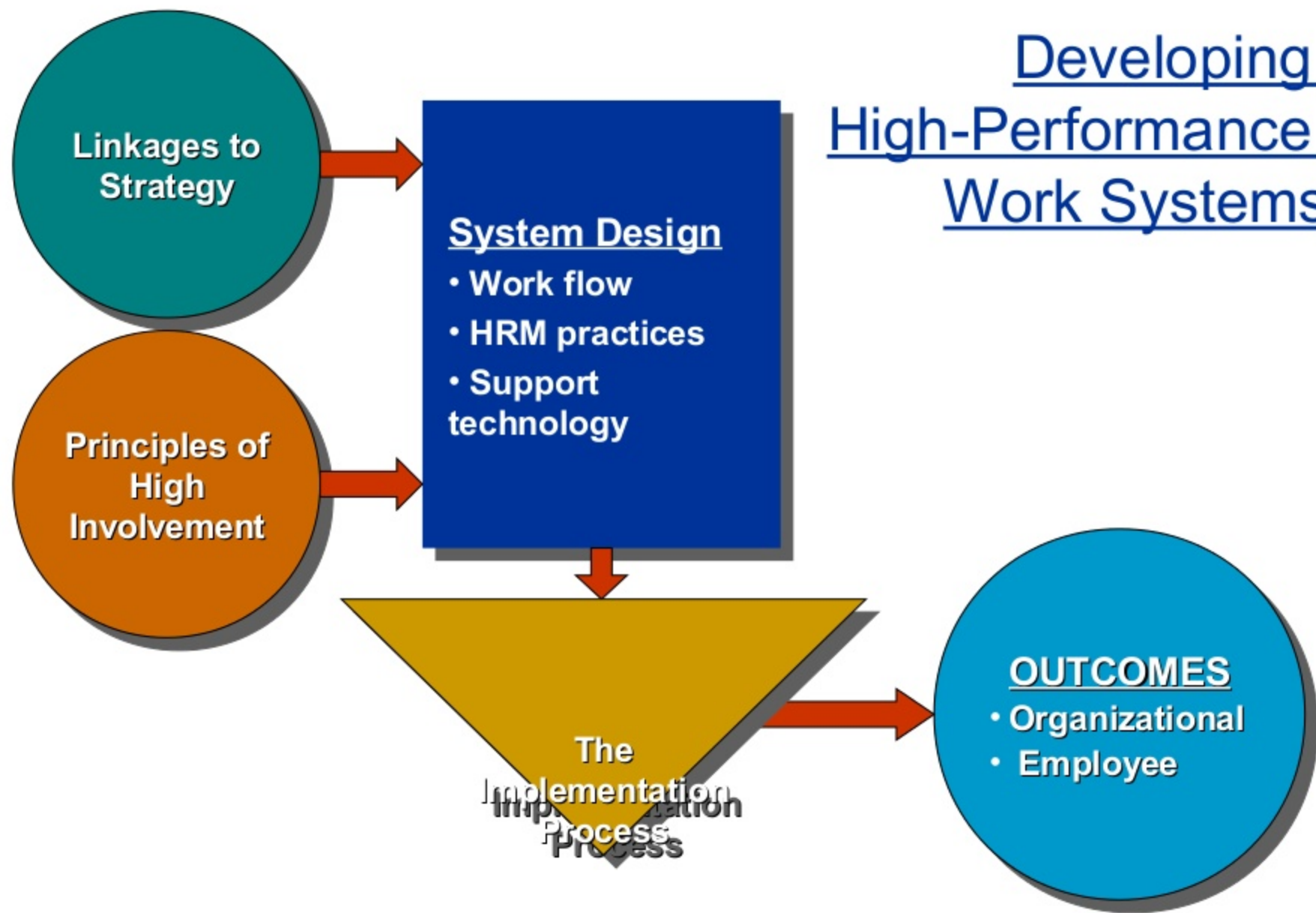
Objectives (cont'd)

After studying this chapter, you should be able to:

6. Explain how the principles of high-performance work systems apply to small, medium-sized, and large organizations.
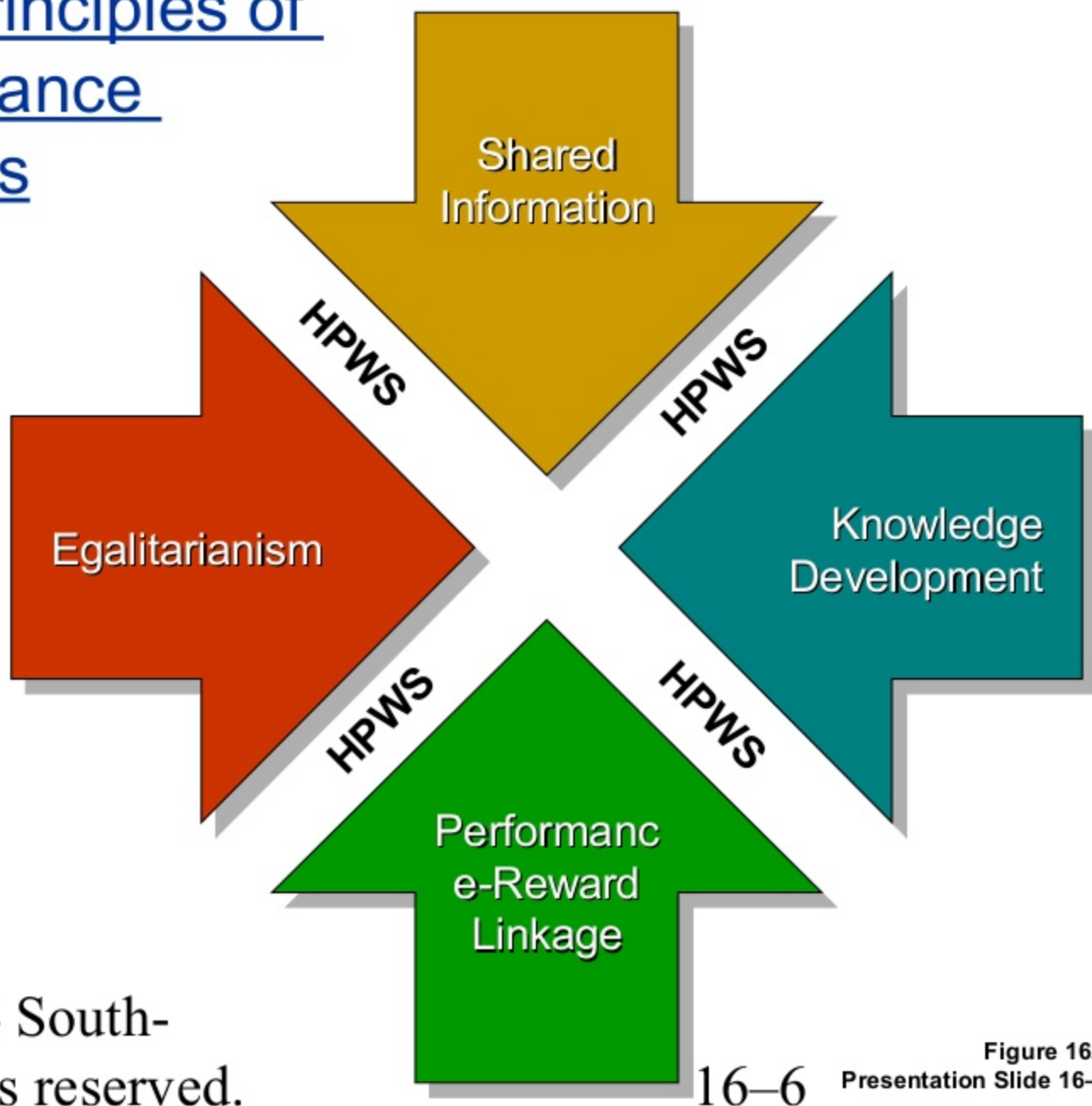
High-performance Work System (HPWS)

- A specific combination of HR practices, work structures, and processes that maximizes employee knowledge, skill, commitment, and flexibility.

- Systems composed of many interrelated parts that complement one another to reach the goals of an organization, large or small.

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Developing High-Performance Work Systems

- Linkages to Strategy
- Principles of High Involvement

System Design
- Work flow
- HRM practices
- Support technology

The Implementation Process

OUTCOMES
- Organizational
- Employee

16–5

Figure 16.1
Presentation Slide 16–1

Underlying Principles of High-Performance Work Systems

Shared Information

Knowledge Development

Egalitarianism

Performance-Reward Linkage

HPWS

16–6

Figure 16.2
Presentation Slide 16–2

Principles of HPWS

- ## The Principle of Shared Information

  - A shift away from the mentality of command and control toward one more focused on employee commitment.

  - Creating a culture of information sharing where employees are more willing (and able) to work toward the goals for the organization.

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Principles of HPWS (cont'd)

- The Principle of Knowledge Development

  ➤ Employees in high-performance work systems need to learn in "real time," on the job, using innovative new approaches to solve novel problems

  ➤ The number of jobs requiring little knowledge and skill is declining while the number of jobs requiring greater knowledge and skill is growing rapidly.
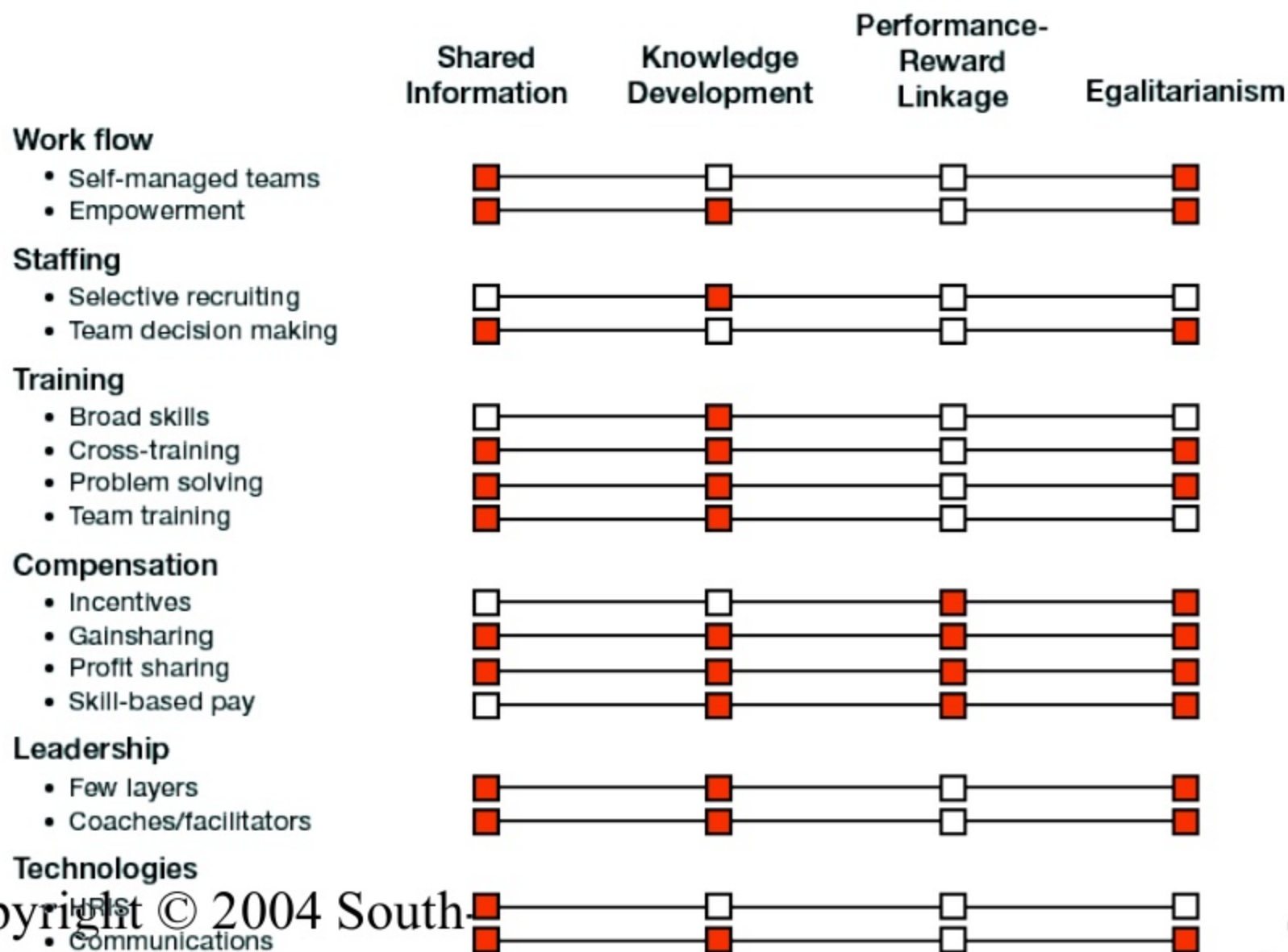
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Principles of HPWS (cont'd)

- ## The Principle of Performance-Reward Linkage

  - ➤ It is important to align employee and organizational goals. When rewards are connected to performance, employees will naturally pursue outcomes that are mutually beneficial to themselves and the organization.
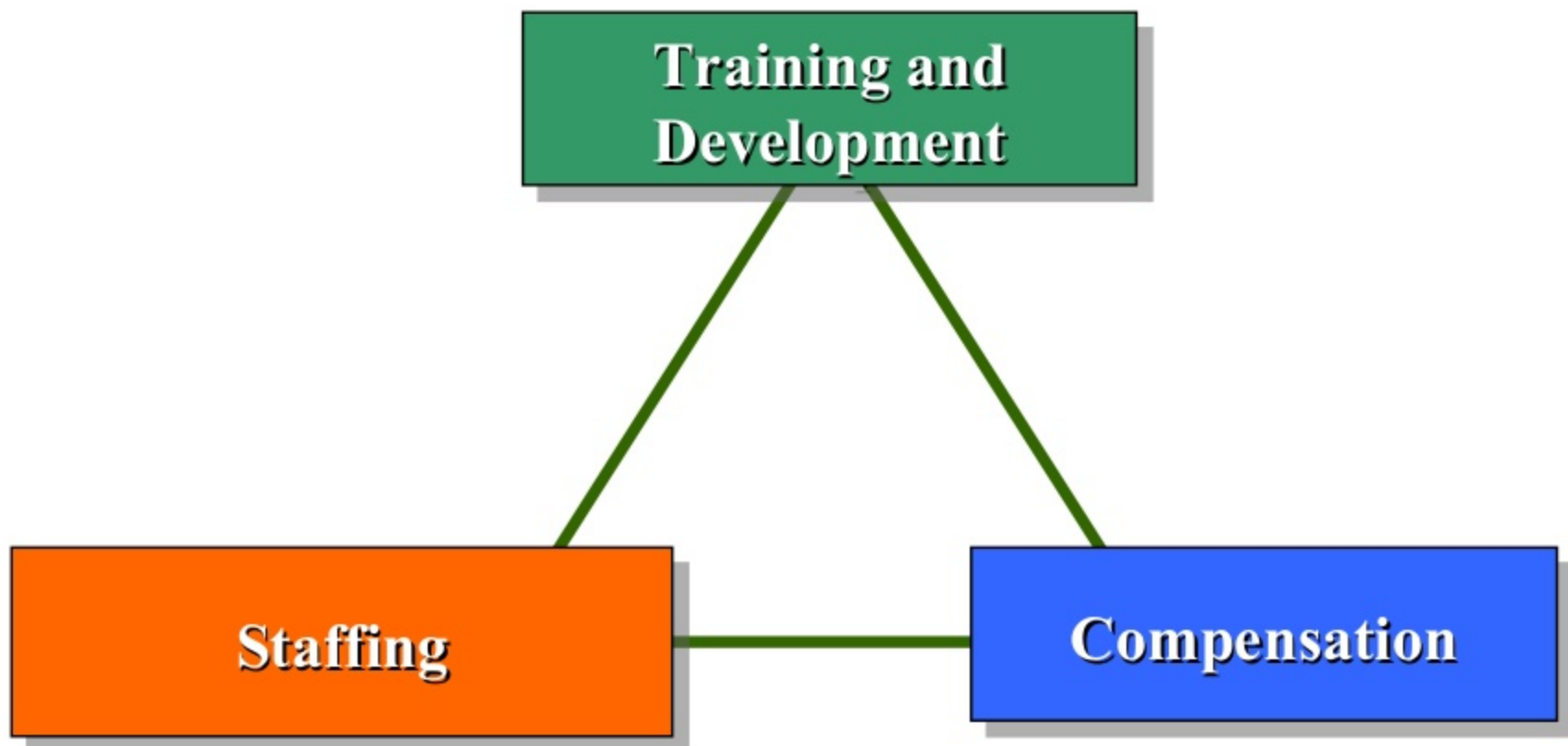
Principles of HPWS (cont'd)

- ## The Principle of Egalitarianism

  - ➢ Egalitarian work environments eliminate status and power differences and, in the process, increase collaboration and teamwork.

  - ➢ When this happens, productivity can improve if people who once worked in isolation from (or opposition to) one another begin to work together.
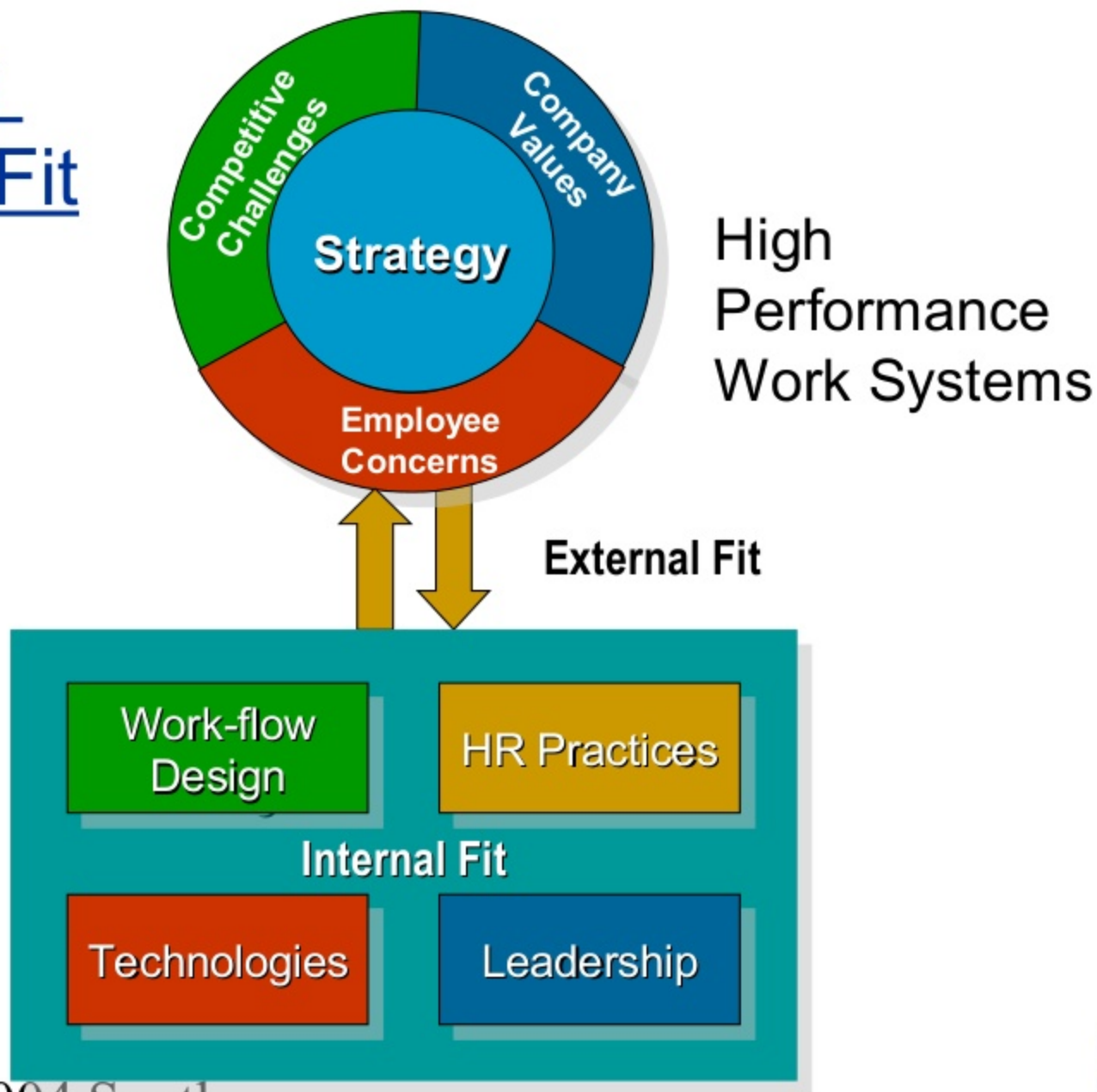
Anatomy of High-Performance Work Systems

	Shared Information	Knowledge Development	Performance-Reward Linkage	Egalitarianism
Work flow				
• Self-managed teams	■	□	□	■
• Empowerment	■	■	□	■
Staffing				
• Selective recruiting	□	■	□	□
• Team decision making	■	□	□	■
Training				
• Broad skills	□	■	□	□
• Cross-training	■	■	□	■
• Problem solving	■	■	□	■
• Team training	■	■	□	□
Compensation				
• Incentives	□	□	■	■
• Gainsharing	■	■	■	■
• Profit sharing	■	■	■	■
• Skill-based pay	□	■	■	■
Leadership				
• Few layers	■	■	□	■
• Coaches/facilitators	■	■	□	■
Technologies				
• HRIS	■	□	□	□
• Communications	■	■	□	■

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Figure 16.3

Complementary Human Resources Policies and Practices

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Ensuring Fit

- Internal fit
  - The situation in which all the internal elements of the work system complement and reinforce one another.

- External fit
  - The situation in which the work system supports the organization's goals and strategies.

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Achieving Strategic Fit

High Performance Work Systems

External Fit

Internal Fit

Work-flow Design

HR Practices

Technologies

Leadership

Strategy

Competitive Challenges

Company Values

Employee Concerns

Figure 16.4

16–14 Presentation Slide 16–3

Diagnosing Internal Fit

	HR Planning	Recruiting and Selection	Training and Development	Performance Management and Appraisal	Compensation and Benefits	Work Organization (e.g., teams)	Communication Systems	HR Performance Measurement	
								Cost	Value Creation
HR Planning	—	−30	0	−20	0	0	0	0	0
Recruiting and Selection		—	0	−10	−20	−30	0	+30	−40
Training and Development			—	0	0	0	0	+30	−10
Performance Management and Appraisal				—	0	−30	−20	0	−20
Compensation and Benefits					—	−50	0	+40	0
Work Organization (e.g., teams)						—	0	0	0
Communication Systems							—	0	0
HR Performance Measurement								—	

Source: Brian Becker, Mark Huselid, and Dave Ulrich, The HR Scorecard (Cambridge, Mass.: Howard University Press, 2001).

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HRM 1-A

Assuring HPWS Success

- **Necessary Actions for a Successful HPWS:**
  - ➤ Make a compelling case for change linked to the company's business strategy.
  - ➤ Make certain that change is owned by senior and line managers.
  - ➤ Allocate sufficient resources and support for the change effort.
  - ➤ Ensure early and broad communication.

TESTING ALIGNMENT OF THE HR SYSTEM WITH HR DELIVERABLES

Please indicate the degree to which the following elements of the HR system facilitate the HR deliverables shown, on a scale of −100 to +100. Examples of the extremes and midpoints on that continuum are as follows:

−100: This dimension is **counterproductive** for enabling this deliverable.

0: This dimension has **little or no effect** on this deliverable.

+100: This dimension **significantly enables** this deliverable.

DNK: Don't know or have no opinion.

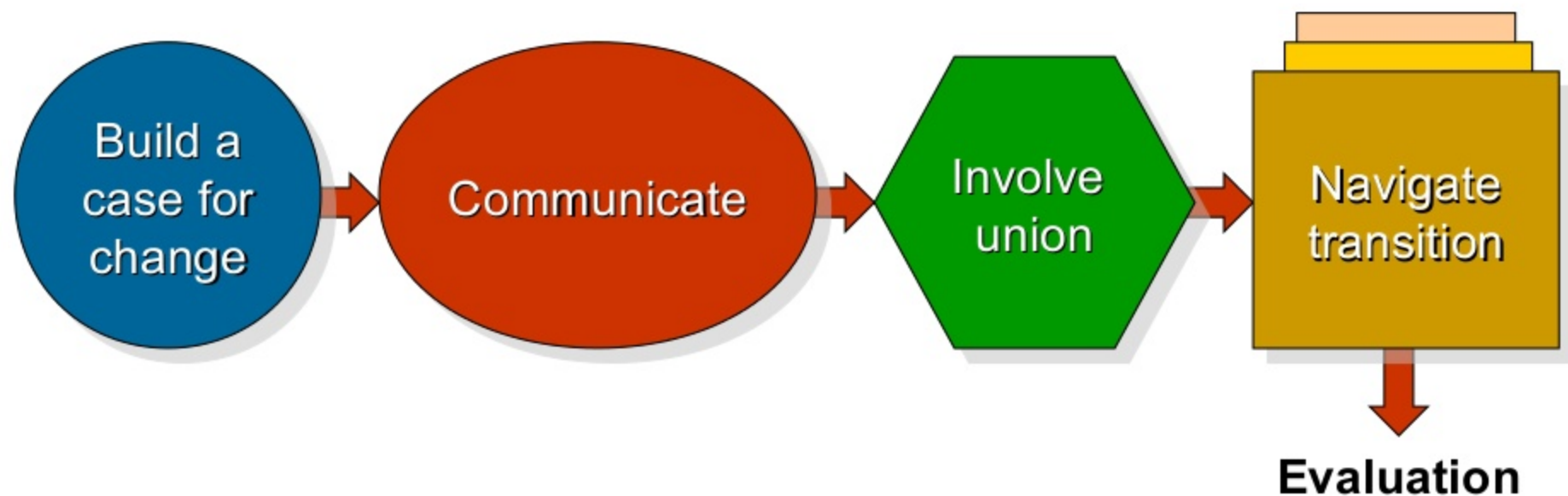| HR Deliverable	HR Planning	Recruiting and Selection	Training and Development	Performance Management and Appraisal	Compensation and Benefits	Work Organization (e.g., teams)	Communication Systems
Employment stability	0	0	0	0	−50	−20	0
Team-based behaviors	0	0	−30	−20	−40	0	0
Strategy-focused behaviors	0	0	0	0	+40	0	0
High-talent staffing level	0	−50	0	−50	0	0	0

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HRM 1-B

TESTING ALIGNMENT OF HR DELIVERABLES

Please indicate the degree to which each HR deliverable in the chart below would *currently* enable each strategic driver, on a scale of −100 to +100. Empty cells indicate this is not a "key" deliverable for a particular driver. Examples of the extremes and midpoints on that continuum are as follows:
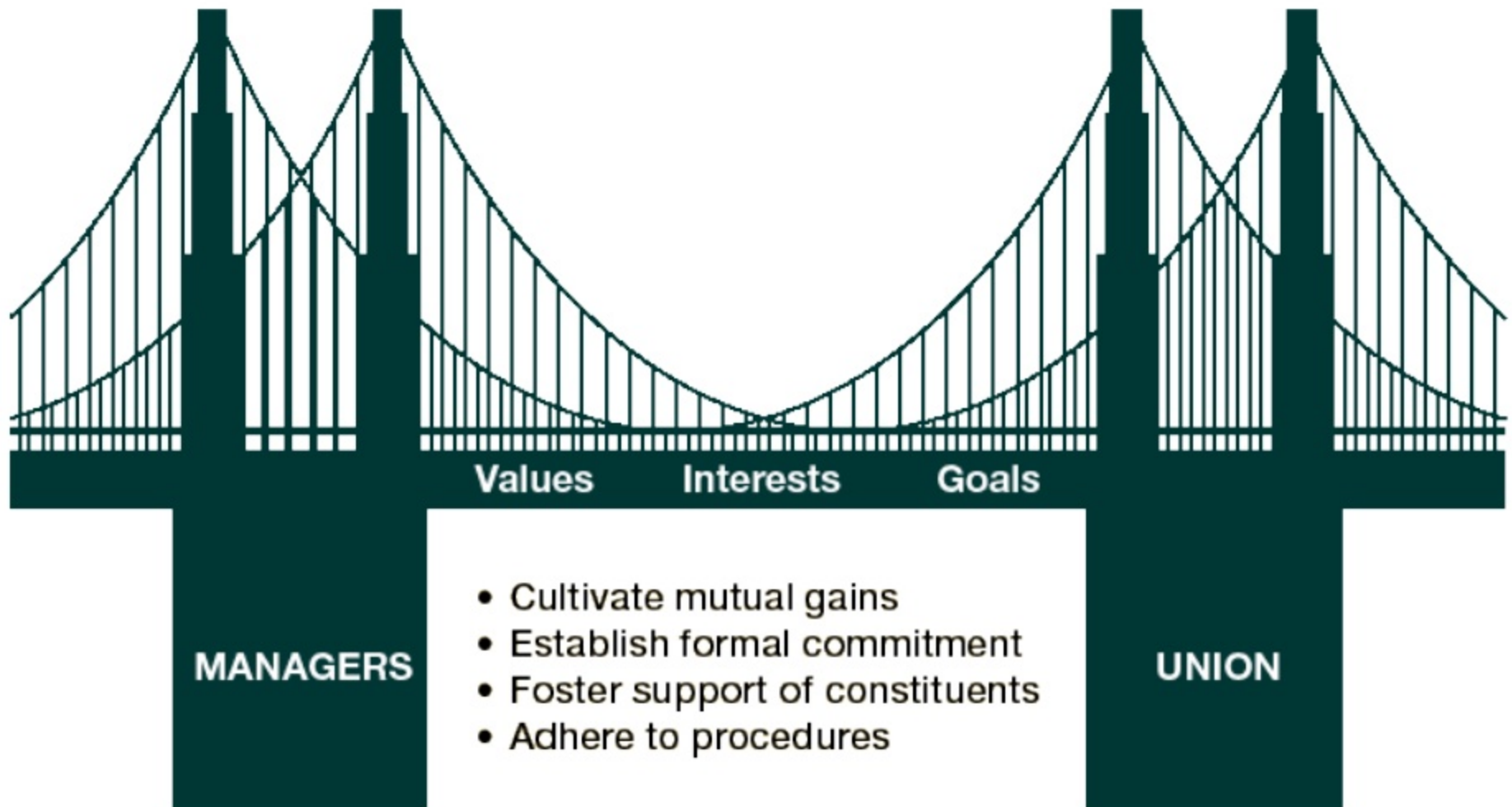
−100: This deliverable is **counterproductive** for enabling this driver.

0: This deliverable has **little or no effect** on this driver.

+100: This deliverable **significantly enables** this driver.

DNK: Don't know or have no opinion.

	HR Deliverable			
Strategic Performance Drivers	**Employment Stability among Senior R&D Staff**	**Team-Based Behaviors**	**Strategy-Focused Performance**	**High-Talent Staffing Level**
1. *Shorten product development times*	−80	−30	+30	
2. *Enhance customer focus and responsiveness*	−20		−20	
3. *Enhance productivity*		−10	−50	−40
4. *Develop and successfully manage joint ventures*	−10	−50		

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HRM 1-C

Implementing High-Performance Work Systems

Figure 16.5

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Building Cooperation with Unions

MANAGERS — Values — Interests — Goals — UNION

- Cultivate mutual gains
- Establish formal commitment
- Foster support of constituents
- Adhere to procedures

Source: The Conference Board of Canada

16–20

Figure 16.6