

chapter **16**

Creating High-Performance Work Systems

Managing Human Resources
Bohlander • Snell 14th edition

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Objectives

After studying this chapter, you should be able to:

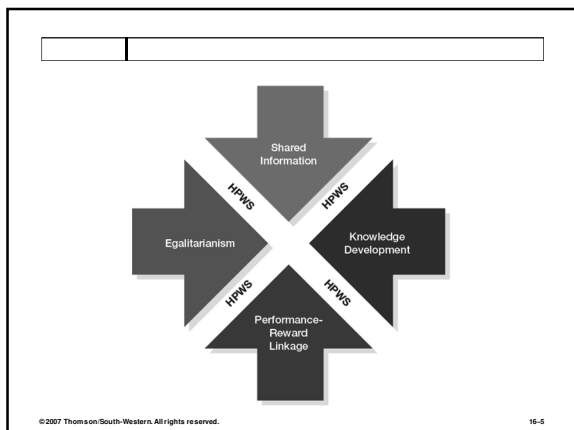
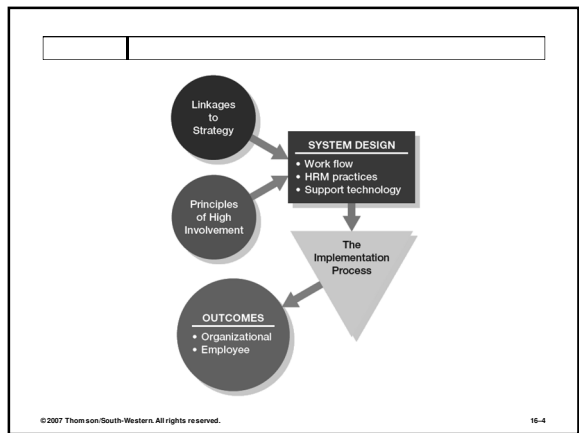
1. Discuss the underlying principles of high-performance work systems.
2. Identify the components that make up a high-performance work system.
3. Describe how the components fit together and support strategy.
4. Recommend processes for implementing high-performance work systems.
5. Discuss the outcomes for both employees and the organization.
6. Explain how the principles of high-performance work systems apply to small, medium-sized, and large organizations.

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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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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.

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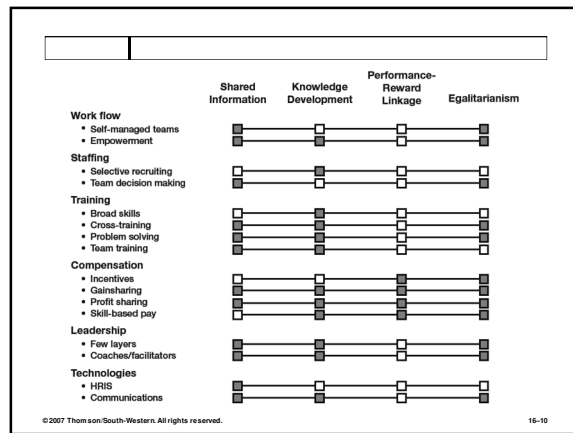
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Principles of HPWS (cont'd)

- 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.

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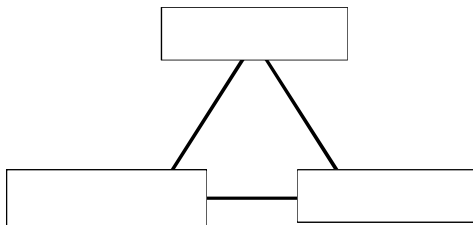
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Complementary Human Resources Policies and Practices



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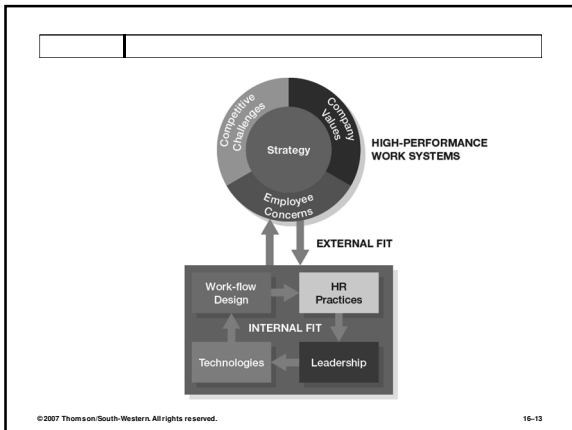
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Fitting It All Together

- Ensuring Internal fit
 - The situation in which all the internal elements of the work system complement and reinforce one another.
- Establishing External fit
 - The situation in which the work system supports the organization's goals and strategies.

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Highlights in HRM 1A

Diagnosing Internal Fit

The degree to which HR management subsystems work together harmoniously—the degree of “fit” and internal consistency as a continuum from -100 to +100. Examples of the extremes and midpoints on that continuum are as follows:

- 100: The two subsystems work at cross purposes.
- 0: The two subsystems have little or no effect on one another.
- +100: Each subsystem is mutually reinforcing and internally consistent.
- DNK: Don't know or have no opinion.

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	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							0	

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

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Highlights in HRM 1B

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 Planning	Recruiting and Selection	Training and Development	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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Highlights in HRM 1C

Testing Alignment of HR Deliverables

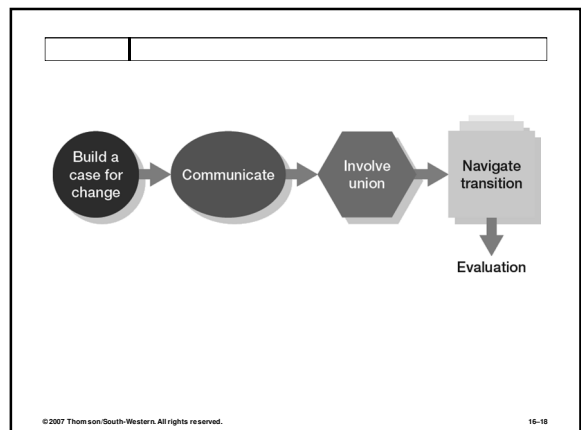
Please indicate the degree to which the following elements of the HR system facilitate the HR deliverables shown, on a scale of +100 to -100. Examples of the extremes and midpoints on that continuum are as follows:

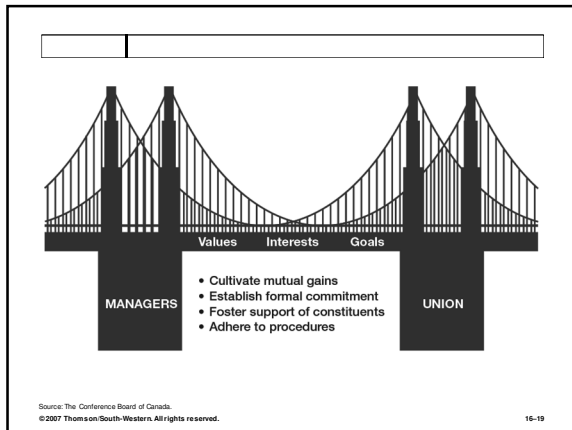
- 100: This dimension is counterproductive for enabling this deliverable.
- 0: This dimension has little or no effect on this deliverable.
- +100: This dimension significantly enables this deliverable.
- DNK: Don't know or have no opinion.

Strategic Performance Drivers	HR Deliverable			
	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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- ### 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.
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Benefits of HPWS

- Employee Benefits
 - Have more involvement in the organization.
 - Experience growth and satisfaction, and become more valuable as contributors.
- Organizational Benefits
 - High productivity
 - Quality
 - Flexibility
 - Customer satisfaction.

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Navigating the Transition to High-Performance Work Systems

- Build a Transition Structure
- Implementation of High-performance Work
- Incorporate the HR Function as a Valuable Partner

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Evaluating the Success of the System

- Process audit
 - Determining whether the high-performance work system has been implemented as designed:
 - Are employees actually working together, or is the term "team" just a label?
 - Are employees getting the information they need to make empowered decisions?
 - Are training programs developing the knowledge and skills employees need?
 - Are employees being rewarded for good performance and useful suggestions?
 - Are employees treated fairly so that power differences are minimal?

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Evaluating the Success of the System (cont'd)

- To determine if the HPWS program is succeeding in reaching its goals, managers should look at such issues as:
 - Are desired behaviors being exhibited on the job?
 - Are quality, productivity, flexibility, and customer service objectives being met?
 - Are quality-of-life goals being achieved for employees?
 - Is the organization more competitive than in the past?

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Outcomes of High-Performance Work Systems

- Employee Benefits of HPWS Systems
 - More involved in work, more likely to be satisfied and find that needs for growth are more fully met.
 - More informed and empowered, they are likely to feel that they have a fuller role to play in the organization and that their opinions and expertise are valued more.
 - Greater commitment comes from higher skills and greater potential for contribution,

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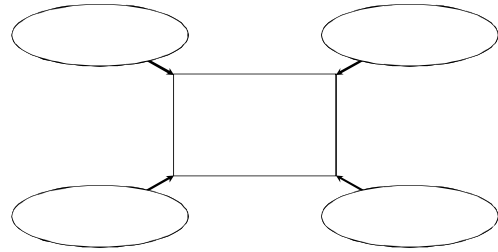
Outcomes of High-Performance Work Systems (cont'd)

- Organizational Outcomes and Competitive Advantage
 - Higher productivity
 - Lower costs
 - Better responsiveness to customers
 - Greater flexibility
 - Higher profitability

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Achieving Sustainable Competitive Advantage through Employees



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Key Terms

- external fit
- high-performance work system (HPWS)
- internal fit
- process audit

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