

Implementing a High Performance Work System

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High Performance Work Systems

Introduction

This paper provides a brief history and overview of High Performance Work Systems (HPWS) and the implementation challenges of these types of systems.

High Performance Work Systems Defined

HPWS is a name given to a set of management practices that attempt to create an environment within an organization where the employee has greater involvement and responsibility. More specifically, HPWS has been defined by Bohlander et al (2004) as “a specific combination of HR practices, work structures, and processes that maximizes employee knowledge, skill, commitment and flexibility” (Bohlander & Snell, 2004, p. 690).

Barnes (2001) writes that the concept and ideas for high performance work systems has existed for quite some time and has its roots in the late twentieth century amid the upheaval in the United States manufacturing environment (Barnes, 2001, p. 2). During this period, the manufacturing industry in America had realized that global competition had arrived and they needed to rethink the ‘tried and true’ manufacturing processes. The concepts that arose out of these turbulent times are items that eventually would become key components of a high performance work system.

The first component is the concept of “increased opportunity to participate in decisions” (Barnes, p. 9) for employees. The ability for an employee to participate in the decision making process is considered to be one of the key elements of an HPWS because it allows the employee to make decisions that effect their immediate environment, which in turn effect the entire organization. This participation provides leads to employees feeling more empowered, which leads to a more committed workforce, at least in theory.

The second component is training. This training provides employees with the necessary skills to perform their jobs in a more effective manner as well as the opportunity to assume greater responsibility within an organization. Training also gives organizations a way to cross-train employees in different skills and roles to ensure that employees understand many roles within an organization.

The third component is employee incentives. The two previous elements help to prepare employees and organizations for successful HPWS implementation and operation, but without incentives, the system will most likely fail. Organizations need to find a way to link pay with performance in order to incentivize an employee to focus “on outcomes that are beneficial to themselves and the organization as a whole” (Bohlander & Snell, 2004, p. 698). Incentives can take many forms, with some examples being stock options and other equity plans, profit sharing plans, pay raises, bonuses for meeting performance targets and other monetary incentives. In addition, incentives can take the form of non-monetary options such as time off, flextime, group lunches and other special employee benefits.

In addition to the three components of *involvement*, *training* and *incentives*, there is also a fourth element that makes up another key component of modern day high performance work systems. Technology is everywhere in the world today and must be considered as part of any organizational development exercise. Within high performance work systems, technology does not have to be leading edge technology solutions, but it does provide an “infrastructure for communicating and sharing information vital to business performance” (Bohlander & Snell, 2004, p. 699).

Combining the four components outlined above is necessary to create a high performance work system within an organization. The original definition of HPWS as provided by Nadler et al (1992) is:

The High Performance Work System is an organizational architecture that brings together work, people, technology and information in a manner that optimizes the congruence of fit among them in order to produce high performance in terms of the effective response to customer requirements and other environmental demands and opportunities (Nadler, Gerstein, & Shaw, 1992, p. 118)

This definition uses different terminology than the four components previously outlined, but the components are easy to map into Nadler et al's (1992) definitions. *Involvement, training* and *incentives* can be mapped to Nadler et al's (1992) concepts of *work, information* and *people* and the technology components directly map to each other. Going forward in this paper, Nadler's terminology of "work, people, technology and information" (Nadler et al., 1992, p. 118) is used. Figure 1 (below) is a graphical representation of Nadler et al's (1992) definition of HPWS.

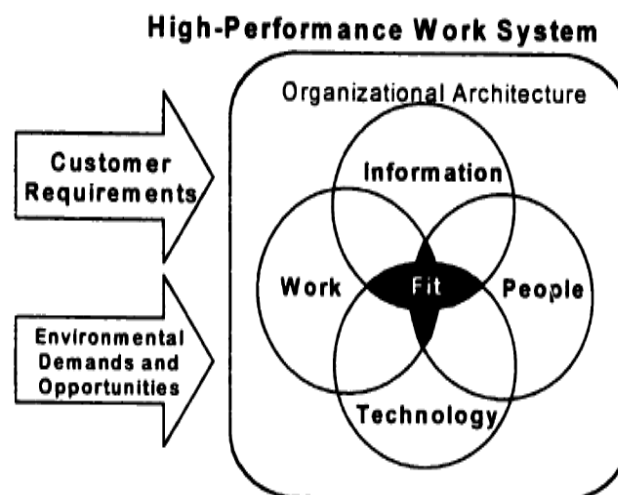


Figure 1: Graphical Representation of a High Performance Work System (Hinrichs, 2001, p. 6)

High Performance Work System Design

Although high performance work systems have been defined above in simple terms, the actual design and implementation of an HPWS is not quite as simple. The design of an HPWS is not something that can be easily modeled and recreated within different organizations; each organization will come out of the design process with a unique system that works for that organization. Even though each HPWS system will be different for different organizations, Nadler et al (1997) outlined ten key principles (shown in Table 1 below) that should be considered when designing a high performance work. These principles are basic guidelines to consider, not a strict roadmap for designing a high performance work system.

Table 1

Ten Principles for Design of HPWS (Nadler, Nadler, & Tushman, 1997, pp. 147 - 153)

1. Start the design with an outward focus on customer requirements and then work backward to develop appropriate organizational forms and work processes.
2. Design work around self-managed teams responsible for producing complete products or processes.
3. Work must be guided by clear direction, explicit goals, and a full understanding of output requirements and measures of performance.
4. Variances should be detected and controlled at the source.
5. Design the social and technical systems to be closely linked.
6. Ensure continuous flow of information to all areas of the system.
7. Enriched and shared jobs increase the motivation of individuals and enhance flexibility in assigning work and solving problems.
8. Human resource practices must complement and strengthen the empowerment of teams and individuals.
9. The management structure, culture, and processes all must embrace and support the HPWS design.
10. The organization and its work units must have the capacity to reconfigure themselves to meet changing competitive conditions.

The ten principles outlined in Table 1 are used as a starting point for the design of a high performance system, but should not be the only things that are considered. Organizations must take a thorough look at their organizational architecture and determine how best to fit the social and technical aspects of the organization into a system that will work and succeed.

While designing an HPWS, an organization should also consider future proofing the HPWS design so that if a re-design is needed, the system can be quickly transformed to meet the changing environment. To do this, the organization must implement a system that is flexible and modular so that change can easily occur. Nadler et al (1997) argues that:

[The] key to maintaining this flexible architecture is having a clear design intent. If the purpose of the original design -- to enhance speed, accountability, customer focus, technological innovation, flattened hierarchy, or whatever -- is explicitly articulated, then there are clear boundaries for adding, deleting, or rearranging design elements (Nadler et al., 1997, p. 221).

This flexible architecture provides for quick changes to the system for major redesigns as well as small tweaks. Most new HPWS designs will have flaws and changes will need to be made to ensure successful implementation. Nadler et al (1997) cautions that organizations “should try a design, closely observe how it works in practice, identify what works and what doesn't, and then make the appropriate adjustments” (Nadler et al., 1997, p. 220).

In addition to design flaws, the performance of the HPWS should be monitored and compared to the initial design targets to ensure that any changes in the internal or external environment are fed back into the system to change the system to meet the new business requirements. As Nadler et al (1997) writes: “managers who understand the dynamics of change

and prepare for it can seriously lower the odds of one day facing the prospect of a frantic, last-minute restructuring in the face of imminent doom” (Nadler et al., p. 220).

High Performance Work System Implementation

The key to a successful implementation of a high performance work system is for an organization to communicate the goals, progress and outcome of the HPWS throughout the organization. Communication is critical to the success of an HPWS implementation, according to a survey conducted by the American Society for Training and Development (ASTD) and described in Bohlander et al (2004). Results of the survey, shown in Table 2, shows that the critical factor in a successful implementation of an HPWS is communication.

Table 2

ASTD Survey Results – Critical factors for successful HPWS implementation

(Bohlander & Snell, 2004, p. 703)

- Make a compelling case for change linked to 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 board communication
- Make certain teams are implemented in a systemic context
- Establish methods for measuring the results of change
- Make certain there is continuity of leadership and champions.

Knowing that communication is a key factor in the successful implementation of an HPWS, care must be taken to ensure that all stakeholders in an organization are aware of changes that will occur before, during and after an implementation of the system. Bohlander et al

(2004) describe a high-level outline of the implementation process for an HPWS that comprises five steps (outlined in Table 3 below) to attempt to resolve the communication issues.

Table 3

Implementation Process for an HPWS (Bohlander & Snell, 2004, pp. 704-710)

1. **Build a Business Case for Change** – Organizations must find a way to convince employees that the changes are necessary and beneficial.
2. **Establish a Communications Plan** – Organizations must create two-way communications channels so that management and employees are able to share information.
3. **Involve the Employees** – Organizations must ensure that employees understand the changes and see them as a ‘win-win’ for both the organization and the employees. In addition, organizations must get buy-in and commitment from the employees to ensure a successful implementation.
4. **Transition to the HPWS** – After the design is complete and the benefits have been clearly communicated to the entire organization, the implementation of the HPWS occurs.
5. **Continuous Evaluation** – After implementation, an organization must continually evaluate the system. Evaluation should consist of determining whether the system was implemented as designed, is running as designed and is meeting the goals that the system was designed for.

As the first three steps indicate, the process outlined in Table 3 attempts to build the implementation process around communication. The fourth step of transitioning to the use of the

system should be a straightforward process if the HPWS is designed correctly and the first three steps of the process are performed. The final step in the process consists of constantly evaluating the HPWS to ensure that the performance meets the needs of the organization.

Conclusion

Now that the high performance work system has been defined, key principles for designing a HPWS have been discussed and the implementation process has been outlined, the question arises: *Why* would an organization implement an HPWS? The answer to this question is simple: *Competitive Advantage*.

Organizations are always looking for a way to get gain competitive advantage in their markets and an HPWS is one way to achieve this advantage. If an organization can design, implement and change their architecture quickly to react to internal and external environments, they will create a successful business environment, which is difficult to copy. In addition, an HPWS can provide an organization a way to create “higher productivity, lower costs, better responsiveness to customers, greater flexibility and higher profitability” (Bohlander & Snell, 2004, p. 712). If an organization can successfully create an environment with the benefits listed above, they will have created competitive advantage in their market and should have the upper hand over their competitors.

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