High-Performance Work System: The Contemporary Route towards Leveraging Optimum Organizational Potential

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ABSTRACT

This article is devised to understand the intricacies of a High-Performance Work System (HPWS) which is comparatively, a modern evolutionary resultant of Human Resource Development Metrics and its analysis. A High-Performance Work System is a specific combination of HR activities, workflow patterns and processes that anchors employees' skills, knowledge, organizational commitment, performance and long-term association. The concept of a High-Performance Work System can be understood as a subset of the open and closed system theory of Management propounded by Chester Barnard which was further advanced by Kurt Lewin in his action research model of organizational development. The management function in this paradigm of action research is positioned at the system's boundary, rather than in a more traditional organizational 'pyramid.' The multiple complicated systems at work in organizations are depicted using a series of simple diagrams. The principal task determines the ordering of different activities, which is problematic in human services because there may be contradictory perspectives on this from the inside and outside. Case studies show how insufficient task specification can cause problems, as well as how organizational architecture (where system boundaries are set) can help or hinder task completion.

1.0 Introduction

Employee skill set, tacit and implicit knowledge, dedication, involvement, and adaptability are all enhanced by a high-performance work system (HPWS), which is a specialized blend of HR practices, work structures, and processes. The system is the most important notion in HPWS. HPWS is made up of a number of interconnected subsystems that work together to achieve an organization's goals, big or small. Though it may be impossible to enumerate all of HPWS' "best practices," there are a few key

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components. Workplace design, HR practices, leadership positions, and information technology are among them.

1.1 Evolution of HPWS from the classical era of management

1.1.1 Understanding HPWS from the lens of C. I barnard

Barnard conceived organizations as cooperative systems, which he defined as a complex of physical, biological, personal, and social components in a specific systematic relationship due to the cooperation of two or more people for at least one specified goal. Basically, Barnard says, we form cooperative relationships to do tasks we couldn't do on our own. In biological terms, he saw organizations as living organisms trying to live in a hazardous environment. Similarly, he realized that an organization is not self-sufficient and that it must rely on resources from the outside world to function, as well as to regulate its actions. For example, in order to function and achieve its objectives, an organization requires capital, labour, equipment, and resources.

1.2 Inducement contribution theory

The theory of inducement and contribution is a key part of Barnard's overall management theory. The inducement-contribution theory isn't as difficult as it appears. It's essentially a theory of motivation at its most fundamental level. According to the theory, an organizational member will contribute in exchange for incentives. As long as the inducements received are greater than the payments required, the member will continue to participate in the exchange. All of this boils down to the reality that an employee will stay with an organization if it is worthwhile for him to do so. You will stay if the income, perks, and job satisfaction are higher than the perceived cost of your employment to the company.

Besides this, Barnard also laid due importance on organizational authority, organizational climate and all other PESTEL factors. Further, the Action Research model formulated by Kurt Lewin paved the way for catering toward organizational sufficiency with the aid of external agencies, and consultants, which currently spearheads the model of high-performance work systems in the corporate world to flourish in a comprehensive and collective manner.

2.0 Review of Literature

The most underlining issue with a toxic and underperforming organization is employee absenteeism, a type of withdrawal behavior in which employees avoid

unpleasant work situations by failing to show up for work (Harrison & Martocchio, 1998). Employee absenteeism is thought to be a major contributor to productivity and firm performance decline (Neuborne, 2003). Absenteeism rates in Europe range from 3 to 6% of working time and are estimated to cost around 2.5 per cent of GDP (Eurofound, 2010). Employee absenteeism is a severe problem for businesses since it is often viewed as one of the first steps in the quitting process (Bowen, 1982), as employees try to put more psychological and physical distance between themselves and the company (Farrell & Peterson, 1984).

As a result, not only because of the repercussions of absenteeism, but also because of the need to find ways to reduce it, it may have negative consequences for both the individual and the business (e.g., reduced productivity), but it also has the advantage of allowing the management to intervene early in the withdrawal process to prevent absenteeism and turnover (Allisey *et al.*, 2014). HPWS use has been linked to lower employee absenteeism for more than two decades, according to empirical data (e.g., Zatzick & Iverson, 2011; Richardson & Vandenberg, 2005; Guthrie *et al.*, 2009). The stress model offers a primary reason why employees are more prone to be absent from work, according to the absenteeism literature (Johns, 1997; Schaufeli *et al.*, 2009). Employees with more resources, on the other hand, are less likely to experience job-related stress, according to prior studies (Hobfoll & Freedy, 1993).

3.0 Contemporary Outlook of the High-Performance Work System

In general, companies strive to achieve a competitive advantage by combining important competitive challenges (worldwide business, dissemination of technology, nurturing change, responding to customer needs, mobilizing and developing intellectual capital, and lowering costs) with employee concerns (managing a demographically rich workforce, caring for employee rights, acknowledging new work modules, and maintaining a work-life balance).

However, today's successful firms go beyond just balancing these demands; they develop work environments that integrate these demands in order to get the most out of employees in order to meet the company's short- and long-term needs. Microsoft, Tesla, and many other companies can be cited as perfect examples.

As interaction and understanding each other's potential are a pre-cursor to constitute a High-Performance Work System at your workplace, there are certain principles upon which the foundation of the entire HPWS lays. Let us discuss them in the points to follow.

3.1 Motivation of Employees through training

Continuous effective training of employees can be called to be the cornerstone of HPWS. Employees who are well oriented with their job and the expectations that they are expected with tend to be engaged and motivated and gel well in the system**.**

3.2 Business acumen

Employees who are believed to be a part of an HPWS should necessarily have a thorough understanding of the business and hold synergy as a prime factor to define organizational success besides individual goals and accomplishments.

3.3 Work culture fit recruitment

Companies that use a high-performance work systems strategy must hire people that are a good cultural fit in addition to having the needed skill set. These employees have the potential to be long-term team members who contribute to your company's growth if you get it right.

To be effective, the recruitment process must include questions that will allow you to analyze how well an employee will fit into your firm.

Why are you interested in working for this company?
What words would you use to characterize our culture? Is this the information you're looking for?
In what kind of surroundings do you flourish?
Tell me about a time when you worked for a company where the culture didn't suit you.

3.4 Acknowledgement of human capital

Employees are more likely to submit suggestions to improve the firm if they are given timely and meaningful information about the company's performance, plans, and strategy. Information sharing leads to better cooperation in the implementation of large organizational changes. If management provides enough information, employees are more committed to new courses of action.

3.5 Rewarding performance with a standard norm

Employees' personal ambitions and management's organizational goals cannot, of course, go hand in hand. Employees, by their very nature, want outcomes that benefit them personally rather than the organization as a whole.

Employees and the organization will benefit when their aims and those of the organization are aligned in some way. Employees are more likely to pursue outcomes that benefit both themselves and the organization when rewards are linked to performance.

3.6 Egalitarianism

Employees' fair and equal treatment and attention is a doctrine that an employer always needs to follow for harboring a successful High-Performance Work System

4.0 Metrics of High-Performance Work System

- **Work Structure-** Work structure includes the flow of work, division of work, formation of self-managed teams, staffing, technology, etc.
- **HR Activities-** This comprises training and development needs of an organization, performance-based compensation, equity, etc.
- **Pattern of Leadership**- Leaders and their contributions have been immensely regarded as pivotal as far as sustainability of a High-Performance Work System. Delegated & Collegial modes of leadership have been found highly conducive in a typical HPWS environment.
- **Response to Information & Technology**- Communication & Technology has been at the helm of affairs as far as an HPWS is concerned. Agility towards the rapid flow of information and getting aided from technology to disseminate the same amongst the member groups play an important role in the efficiency of an HPWS.
- **Strategic Fit:** *Internal & External-* All the internal elements of a working system should fall in sync to complement and reinforce each other. External fit, on the contrary, looks after the competitiveness of the firm in the market, organizational virtues, perception of potential employees etc.

5.0 High Performance Work System as a Global Phenomenon

- **Dr. Reddy's Laboratories-** Be it the first of its kind, Dr. Reddy's Laboratories (India) have successfully deployed the concept of Self-Managed Teams along the lines of High-Performance Work Systems. Some of its contributing factors were a skill-based progression system for employees; more than 150 tier III employees have completed their higher education as a part of the Training & Development Program of the organization. The impact has been witnessed in terms of growth in

organizational capability and employee empowerment as a force to reckon with in society.

- **Southwest Airlines**- Glassdoor ratings in 2019 suggested the company rating of Southwest Airlines, majorly referred to as a prime low-cost air carrier service provider in the United States, to be 4.7 and the CEO rating to be 94%. Occasionally, the organization has been criticized as being less ambitious, but it has deeply subscribed to the concept of an open and interactional culture where employee communication does not get hindered by the shackles of hierarchy.

- **Walmart**- Walmart, the largest employer in the world has always believed in the concept of internal fit and keeping everything lean in matters of cost, inventory, logistics, etc. The operational success of Walmart lies in the way it tightens its control of employee-related expenses and activities. It has managed to score tremendous revenue year after year. Leadership has been benevolently transactional at Walmart, thus avoiding unionization but recognizing employees wherever it felt necessary.

- **Costco Stores**- Costco stores have adopted the High Road approach to achieve organizational effectiveness. It believes in the long-term association with employees and characterizes itself as a perpetually learning organization. In the last couple of years as Bloomberg reports, Costco has outperformed Walmart financially on various occasions.

- **Toyota**- A leading automobile brand based out of Japan is regarded as the pioneer for its lean production techniques and has also successfully delved into delivering quality products, achieving production of scale with a highly efficient workforce which has been intensively subjected to various skill improvement programs. The employees at Toyota are generally trained to be proactive in their orientation to functional competence and response to changing markets.

- **IPO Pang Xingpu**- A consultancy firm for Business Ventures in China has had more than 35 years of experience in catering to the consultancy needs of blooming businesses in China. In the last couple of decades, the firm has overseen the elevation of China as a terrific investment global space for foreign investors. Thanks to their active participation in trade associations and legal organizations, a merger of more than 500 entities deal closed successfully. The firm has invariably paid due attention to the training needs of the organization at the operational as well as personal level. It boasts to be one of the few companies in China that holds a multilingual staff despite the majority being Chinese.

- **AZTech-TIM Coalition:**- The AZTech TIM Coalition brings together a variety of incident management disciplines to share the best practices, exchange ideas, and give training. Only transportation agencies were involved when the TIM Coalition was formed. AZTech hired a retired police chief to supervise field operations and bring a unique viewpoint to transportation agencies and first responders by seeing all aspects firsthand, in order to garner buy-in from other stakeholders. AZTech also made a determined effort to give TIM strategy training and communicate the value of the TIM partnership. Law enforcement, TMC operators, public information personnel, and towing agencies have all joined the TIM Coalition over time.

6.0. Discussion

High-performance working systems entail the creation of a series of interconnected processes that, when combined, have an impact on the organization's performance through its people in areas like productivity, quality, and customer service, as well as growth, profits, and, ultimately, the delivery of increased shareholder value.

This is accomplished through 'improving employee capabilities and igniting employee excitement,' with leadership, vision, and benchmarking as the starting point, in order to create a sense of momentum and direction among employees at all levels of the business. HPWS also emphasizes the concept of continual performance assessment and evaluation in order to enhance and develop future performance. High-performance work systems (HPWS) make sure that business and human resources issues are strategically linked. These connections make it easier to catalyze organizational changes in terms of structures, procedures, and systems, as well as alter HR strategy and processes to deal with them. People's competencies and abilities are developed, a holistic performance management system is implemented, and employees are motivated through a complete compensation and reward management system.

The HPWS stream focuses on organizing systems, namely the organization's operations or production systems, as its name suggests. HPWS research is based on socio-technical systems theory and delves into the interrelationships between people, processes, and technology. MacDuffie (1995) stressed "organizational logic" in support of HPWSs being matched to flexible production systems and control-oriented human resource strategies being matched to traditional mass production methodologies. Because the organizing system is the focal point, human resource strategy principles — broad themes that theoretically govern the selection and grouping of human resource activities — are also emphasized in the HPWS stream, rather than the human resource activities themselves. HPWSs ensure that employees' skill levels are improved by giving them

discretion and the opportunity to use their skills in conjunction with other workers, as well as creating an incentive system that boosts employee enthusiasm and commitment. HPWSs are known for focusing on work system performance, emphasizing human resource management concepts, and defining human resource tasks in considerable parity.

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