Pavla Břečková: High performance work system in companies

The article is connected with the project IGA, OP 7761, university VŠFS (Vysoká škola finanční a správní), 2014-2015. The article for it's purposes uses in large extent the materials and surveys findings from Eurofound. Materials and surveys are available at www.eurofound.europa.eu

Abstract
Companies in general play the key role not only in reaching the goals of the European strategy called 2020, but especially in functioning of any single economy. Almost any country is as successful as are its companies. And the companies are fully dependant on the people as a quality and motivated labour, and its organisation. This article deals with the basic approach to what actually we understand under the term organization and continues with division of labour and its impact. It focuses especially on the high performance work system in companies, the employment relationships and discusses an inevitability of such approach. The article uses the data and materials from Eurofound surveys[1] and uses some of the key findings to draw a concusion on this topic.
Keywords: performace, organization, division of labour, work system

Introduction

European companies play a crucial role in getting out of the crisis and in reaching the goals of the European 2020 strategy for sustainable, inclusive and smart growth. The main focus of the third European Company Survey was on work organisation, HR practices, employee participation and social dialogue. The survey, carried out from in the spring of 2013, maps a number of practices used in European workplaces, as well as how they are discussed and negotiated at workplace level as well as some of their outcomes. In this article we use only few aspects of the mentioned large survey as it is focused on work organisation and high performance work systém. Let's start with the term of organisation and how it is understood for the purposes of this article.

The professions and processes in practice tend to be more complex than just an easy headwords in the organisational structure sheet. As an example, doctors diagnose and cure patients. But there is more to their job than that. They also order products, carry out administration, read new research literature, check their instruments and so on. In other words, different aspects related to their job are all done by doctors themselves. We therefore describe them as 'self-employed' and not an organisation. In our industrialised world, however, products and services are mostly made and delivered in large-scale settings. There are organisations with hundreds or even thousands of people working at the same time. Inevitably, the work to be done has to be divided in some way into 'work packages' as everyone cannot do the same thing at the same time. We describe these work packages as 'workplaces'. And the process by which the work to be done in an organisation is broken down into different workplaces, we call 'division of labour' (Huys, R., Ramioul, M. and Van Hootegem, G., 2013).

What is division of labour?

As said above, it is understood the process by which the work to be done in an organisation is broken down into different workplaces, that is called division of labour. Within this process a lot of choices have to be made. This is often not obvious to the employees or customers of an organisation. Through a sequence of decisions, all the tasks to be done are transformed from an undifferentiated pool of tasks to a network of often strictly defined jobs. After a while these decisions acquire an almost fixed status which is hardly ever questioned. However, they

1 Eurofound (European Foundation for the Improvement of Living and Working Conditions, which is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe.

remain the result of choices taken more or less consciously by management. Other possible choices would have resulted in workplaces and organisations with different characteristics.

One such a basic choice is a division according to product or operation. This choice can be recognised in the structure of many organisations. For example, furniture company A has departments ‘Tables’, ‘Chairs’ and ‘Benches’, while furniture company B has departments ‘Wood processing’, ‘Assembly’ and ‘Garnish’. Or computer company A has the departments ‘Europe’, ‘United States’ and ‘Asia’ while company B has the departments ‘R&D’, ‘Production’ and ‘Marketing’.
Such a choice has important consequences for the quality of work. Furniture company A may have groups responsible for the production of tables, which could include responsibilities for work planning. In company B this is impossible as the production groups are specialised in, for example, wood processing. As a result they have no overview over the whole process leading to tables and are unable to be involved in the overall work planning. We therefore have workplaces with other tasks and characteristics.
Organisational performance is also affected by such choices. Furniture company B will find it difficult to respond flexibly to frequent changes in product demands. As products have a complex routing within and between specialised departments, throughput time will be long. Company A is better able to adapt to frequent changes as the department ‘Tables’ is able to deal itself with changes in demand.

Impact of division of labour
Organisations have to consider such choices carefully as these have a lasting character. Indeed, employees in an organisation do not all meet every morning around the coffee table in order to decide who will receive customers, operate machines, pay the bills, check the inventory and so on. Such choices in the organisation are recurrent. Over a longer period of time, changes of course have to be made, but from day to day these choices are fixed. Workplaces, as well as the way they relate to one another in the organisation, are defined. We label this network of workplaces the ‘structure of the division of labour’. The term ‘structure’ indicates that we are dealing with a persistent characteristic. And thanks to this, we are able to describe the structure in the division of labour in an objective way. This could for instance be done by means of a questionnaire. But if we want to do this mapping in a scientific way that can be understood and verified by others, we need aconceptual model. Such a conceptual model provides us with a toolkit of concepts that enables us to map the wide range of choices that are made in any organisation with regard to the structure of the division of labour. Such a conceptual model for organisations was elaborated by Van Hootegem (2000, p. 76) and is sometimes referred to as the ‘hamburger model’.
The production concept forms the upper half of the hamburger and the employment relationship forms the lower half. This conceptual model is based on modern sociotechnical systems theory (De Sitter et al, 1994). In systems theory, any system consists of a network between nodes. Such a network has a structure which determines the nature of the relationships between the nodes. The way in which nodes operate and thus the system as a whole is determined by the nature of their mutual relationships. Similarly, organisations can be considered ‘systems’ that transform an input into a certain output aimed at certain goals. An organisation’s overarching goal is its survival. And as its environment becomes more turbulent, an organisation will seek to enlarge its possibilities for choice and self-direction. The extent to which the organisation is able to reach these goals is determined by its structure of division of labour. The workplaces in an organisation can be considered as nodes interconnected in a network of relationships. How that network looks will be determined by

its structure of division of labour. This structure will determine how all the workplaces – and thus the organisation as a whole – are able to operate and maintain its presence.
This systems approach stresses the structural conditions in which problems emerge or goals can be reached. It also stresses the structural conditions for the 'goal manoeuvrability' of organisations: in other words, the organisational capacity to aim at new goals if circumstances change. This capacity provides the organisation with better chances for survival, especially if the environment becomes turbulent.

High performance work system
Organisations do not have to start from scratch to make all the decisions indicated above. There are certain patterns in the choices many organisations make, patterns that evolve over time. Such models have received many labels such as Taylorist, Fordist, lean production, sociotechnical, business process re-engineering, and high performance work systém (HPWS). Common to all these labels is that they all represent certain choices in the hamburger model, even though different models may emphasise certain dimensions as most important. We do not need to ask different questions to investigate whether an organisation can be given such or such a label. The dimensions to be investigated remain the same, only the result of the choices made will determine to what extent a given organisation deserves a certain label (Huys, R., Ramioul, M. and Van Hootegem, G., 2013).
The same holds true for a high performance work system. The conceptual model (Huys, R., Ramioul, M. and Van Hootegem, G., 2013) provides the concepts to describe the high performance work system model. Although the label is used to refer to a wide range of organisational choices, it is important to gain a clearer picture of:

- the common themes between these features;
- the criteria by which a high performance work system can be identified;
- how these criteria are linked to each other.

First of all, the description 'work system' refers to a number of specific interrelated 'work practices'. Although a work system can be broken down into a number of work practices, its outcomes are chiefly determined by their integration in a coherent bundle or cluster. This is because complementarities and synergies exist among work system practices themselves, often referred to as a 'horizontal match' (Appelbaum et al, 2000).
In general, a high performance work system is characterised by a production concept that allows for extensive employee involvement in operational decision-making as a means of harnessing people's potential more effectively and of improving the organisation's performance. Workers in a high performance work system experience greater autonomy.

More complete parts of the process need to be allocated to groups of workers who together make a product or deliver a service. In such a configuration, these groups can also be entrusted with responsibility for the support and preparation linked to this process as well as the responsibility for controlling and steering the process as a semi-autonomous group. Possible indicators of a high-involvement work system, relating to the production concept, can be summed up as follows (Huys, R., Ramioul, M. and Van Hootegem, G., 2013):

- **Market-focused or process-oriented business units or divisions**: An organisational structure moves away from a line or functional structure to create business units that concentrate on distinct parts of the market or critical processes in order to achieve a better customer focus and greater accountability of the workers involved.
- **Semi-autonomous teams**: Workers are grouped into teams in which they work together on a complete (part of the) product or service and are collectively responsible for a maximum amount of preparation, support and steering of this process.

- **Reduction in the number of functional specialists**: Instead of maximum functional specialisation, the tasks of functional specialists are integrated within the tasks of the team members actually adding value to the product or service.
- **Reduction in layers of management**: The delegation of control and steering capacity to those actually adding value to the product or service provides them with the necessary autonomy to respond to changing circumstances. Compared with a traditional division of labour, this leads to 'flatter' organisations where line managers are involved in facilitating and coaching rather than steering and controlling.
- **Quality management, total productive maintenance, continuous improvement programmes**: Programmes set up to involve workers in improving the process, empowering them to make a contribution outside their routine job. For functional specialists this leads to closer involvement and coordination with those actually making the product or providing the service.

Employment relationship in a high performance work system

The changes outlined above in the production concept allocate more tasks and responsibilities to those actually adding value to the product or service and require greater involvement by these workers. The organisation expects more from its workers than the mere performance of standardised and specialised tasks.

However, a mere change in the production concept is not sufficient to achieve such involvement. To ensure that workers actually take on the greater tasks and responsibilities allocated to them by the new division of labour and to ensure that the autonomy provided is also exploited in the interest of the organisation ('responsible autonomy'), the organisation has to underpin this involvement with an appropriate employment relationship. In this policy, the required involvement from workers is reciprocated by greater involvement on the part of the organisation towards its workers.

This is expressed by reinforcing the internal labour market in the organisation. Organisations with a strong internal labour market are characterised by the internal filling of vacancies, with a concentration of external recruitment through the 'doors' at the lower end of the promotion scale and ample promotion possibilities within the organisation. The internal mobility of workers within the organisation is more important here than the influx and outflow of workers. This is illustrated by a number of features of the employment relationship linked to the aforementioned changes in the division of labour (Huys, R., Ramioul, M. and Van Hootegem, G., 2013).

Recruitment and selection

The changes in the production concept require greater skills from frontline workers. They have to be able to fulfil more tasks and responsibilities, possess the communication skills required to cooperate with others and be able to take the initiative in order to exploit the autonomy provided. Moreover, in view of the functional flexibility of workers, selection is not oriented so much towards an examination of the necessary skills for a specific workplace, but rather to the willingness and capacity for acquiring skills within the organisation as a whole. In addition, 'soft' qualifications such as being able to learn and cooperate with others are more important in terms of selection criteria. This does not imply that selection procedures are less stringent. On the contrary: given the desired long-term relationship, the organisation wants a guarantee, through an elaborate selection procedure, that newly hired workers have the desired skills. However, these skills are more concerned with attitude and capacity than precisely defined occupational qualifications.

In view of the stronger internal labour market in a selection, recruitment intensity will be weak and aimed at filling vacancies at the bottom end of the organisation. Organisations will

not compete solely with each other on the basis of wage levels but using the image of a 'good employer' offering job security and ample promotion opportunities.
Indicators of a high performance work system include (Huys, R., Ramioul, M. and Van Hootegem, G., 2013):

- elaborate selection procedures (also for frontline workers) including group interviews or exercises;
- emphasis in selection procedures on attitude and abilities rather than occupational qualifications, with recruitment criteria placing less emphasis on previous experience in a similar job or specific technical experience, and more on willingness to learn new skills and to work with others

Necessity of a high performance work system?
Considerable evidence is available to show that product and technological life cycles have shortened and that the variety of products has expanded significantly. The marked increase in the number of automobile models over the past few decades, the acceleration of fashion seasons in clothing, the proliferation of services provided by banks, and the sharp increases in the numbers and varieties of products available in supermarkets all suggest that companies that focus on producing huge numbers of only one product style will be in trouble. The development of microprocessor-based information and computer technologies has also boosted the proliferation of products and the shortening of product life cycles. In this environment, moving quickly down the learning curve in providing new generations of products and services, and getting them to the market quickly, can be an important competitive advantage (Appelbaum et al, 2000).
The mentioned changes in the essential performance criteria for organisations have caused a wide variety of sectors to rethink the role of workers in the production proces and also the contribution that a skilled and motivated workforce can make to performance.
It seems logical (and also the authors of the study[2] Background paper for the Third European Company Survey, 2013, state it there) that more skilled workforce can reduce the time involved in learning to produce new products or services and can deliver a more substantial contribution to solving problems. A high performance work system can help organisations to improve their innovative capacity by:

- achieving faster development cycles;
- widening the product range;
- responding more rapidly to changing customer needs;
- adding value to existing products and services;
- upgrading products more rapidly.

Survey and key findings
The European Company Survey (ECS), implemented in 2004, 2009 and 2013, gives an overview of workplace practices and how they are negotiated in European establishments. It is based on the views of both managers and employee representatives. The survey was first launched in 2005 as the European Survey on Working Time and Work-Life Balance. It was repeated in 2009 as the European Company Survey, focussing on flexibility practices and the quality of social dialogue. The first findings from the 2013 survey are now online and are used for this article.

2 Huys, R., Ramioul, M. and Van Hootegem, G. High performance workplaces: Background paper for the Third European Company Survey, 2013. *Preparatory work for Eurofound's survey,* available at www.eurofound.europa.eu, Dublin, Ireland.

Survey details
The third ECS was implemented by Gallup Europe and covered a total of 32 countries (27 EU Member States and Croatia, Former Yugoslav Republic of Macedonia, Iceland, Montenegro and Turkey). The target sample size for all 32 countries is 29,950, ranging from 300 to 1650 depending on the country size. Interviewing took place from February to May 2013 and, as for the previous waves, interviews were carried out by telephone with managers and employee representatives in the language(s) of the country.

Selected key findings[3]

- First findings, launched in November 2013, show that despite the recession, almost 40% of companies reported difficulty in finding staff with the right skills. For innovative companies, it is even more of a problem.
- Variable pay is widespread, found in 63% of establishments surveyed.
- Over a third of companies in Europe have introduced innovation measures and report that their financial situation has improved. Changes like product and process innovation, or changes in technology or work organisaton at company level, are helping firms to be more resilient and exit the recession.
- In 68% of establishments, staff monitor external ideas and technological developments for new products, services and processes, and, in 62%, employees document good practice or lessons learned so that these may be shared with colleagues.
- One-in-seven establishments report high levels of sick leave, and the problem is more common in large companies and those where the financial situation is rated as bad or very bad.
- The survey also shows that there are countries with a high incidence of both innovative work organisation practices and social dialogue structures. On-going in-depth analysis would explore whether and how these phenomena are linked in differing national settings, sectors of activity and company types.
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Conclusion
The need for a transition to this type of new work system will be more urgent as such demands are made by an organisation's environment. There must be a 'vertical match' between organisational characteristics and the external environment, including company strategy. Traditional work systems can also perform and have performed very well in the past, although in an environment in which organisations competed mainly on the basis of price and pursued economies of scale. In this environment, managers viewed labour as a cost to be minimised rather than as an asset that could provide the company with an advantage over its competitors. Labour in these organisations used to be fragmented into simple, repetitive tasks that involved little employee discretion. The emphasis was on individual efficiency and mastery of easily learned jobs. Motivation was assumed to be based solely on individual financial incentives and workers were not expected to contribute ideas. It is, however, necessary to admit openly that there will be always jobs and people for which and whom such system remains suitable.
The high performance work system mentioned in the article would avoid such extensive specialisation and standardisation of tasks because this gives way to much rigidity and endangers the efficient control of the process. As organisations face increasing turbulence in their environment, it is crucial not to design a production concept that reinforces this turbulence within the organisation.

3 Key findings coming out of the Eurofound (ECS) survey 2013, available in full at www.eurofound.europa.eu

The presented high performance work systém (Huys, R., Ramioul, M. and Van Hootegem, G., 2013) does not claim to be the ideal option for all organisations in all circumstances. However, the increasing levels of uncertainty and change in the environment of many organisations create powerful incentives to move to a new work system based on employee participation. To what extent organisations have really implemented such a high performance work system and to what extent this implementation also leads to better performance are issues to be investigated further.

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