

EMPOWERMENT IN HIGH PERFORMANCE WORK SYSTEMS FROM A SYSTEMS THEORY PERSPECTIVE

Thomas Wallner

University of Applied Sciences Upper Austria, School of Business, Austria
thomas.wallner@fh-steyr.at

Martin Menrad

University of Applied Sciences Upper Austria, School of Business, Austria
martin.menrad@fh-steyr.at

Stefan Thurner

University of Applied Sciences Upper Austria, School of Business, Austria
stefan.thurner@fh-steyr.at

Abstract:

High Road to Innovation approaches in general and High Performance Work Systems (HPWSs) in particular are considered to have great potential to generate competitive advantage in terms of productivity and innovativeness. High Performance Work Practices (HPWPs) entail a transformation to a holistic organization that features self-managed teamwork, flat hierarchical structures, job rotation, performance related wages or workforce empowerment to create an organisation based on employee involvement. Scientific discussion of HPWSs has not referred much to systems theory, although systems theory (in particular the complex adaptive systems perspective) might contribute fruitful insights into the underlying principles and structural conditions of HPWS. In this paper we present our research on HPWS and our initial exlour endeavor to include systems theory in this work. In particular we want to determine, how specific HPWPs correspond with the characteristics of complex adaptive systems based on the results of a literature research and initial theoretical considerations.

Keywords: high performance work systems, high performance work practices, systems theory, complex adaptive systems, empowerment.

1. HIGH PERFORMANCE WORK SYSTEMS AND SYSTEMS THEORY

In theoretical and practical discussions about how companies can maintain or gain competitive advantage, in a globalized and highly volatile economy “high road” – strategies that focus on innovation and agility, and here in particular “High Performance Work Systems” (HPWSs) are considered to have great potential. HPWSs focus on continuous reinvention processes of products and services integrating creativity, experience and implicit knowledge of employees at all levels. HPWSs comprise of particular management practices (high performance work practices – HPWPs), concerning the organization of work and the company itself, like self-managed teamwork, flat hierarchical structures, job rotation, performance related wages or workforce empowerment. As opposed to Tayloristic principals, HPWSs lead to a fundamental reorientation in operational rationalisation efforts resulting in a new and increased appreciation of human work. In this context, the aspects “self-control” and “self-organisation” are of particular importance. HPWSs, which are also known as high commitment or high involvement organisations, realise a managerial approach that facilitates high performance of employees and thus illustrates the amended character of work and the options of work sharing and knowledge sharing in today’s knowledge-based economy (Brödner, 2000, p. 3).

So far, HPWSs have primarily been applied and studied in a context of industrial production work and there is ample empirical evidence about the impact of HPWSs in these environments with regards to higher productivity, stronger financial performance (Kuhlmann, 2004), increased organizational agility and innovativeness (O’Regan, 2011). Empirical research has also shown that systematical implementation of HPWPs by means of reorganizing the entire work system and not only individual practices (‘bundling of work practices’) is a key element to achieve these positive effects (Appelbaum et al., 2000; Kuhlmann et al., 2004, p. 39).

HPWSs have been discussed in the fields of labour economics, industrial relations, (industrial) sociology, organizational behavior, strategic HRM and operations management. However in our literature reviews so far we have not come across any specific reference to a systems theory approach, although systems theory (in particular the complex adaptive systems perspective) might contribute fruitful insights into the underlying principles and structural conditions of HPWSs.

From the field of systems theory Michel Saint Germain has linked HPWS to the nature of open systems: The individual as an open system is respected in such organizations; He/She is able to transform data into useful decision-making information. There is margin for creativity and autonomy and above all, the decision-making process allows opportunities for a “locus of control” at the individual level. (St. Germain, 2010, p. 10).

2. THE DESIGN OF THE RESEARCH PROJECT

Having started in 2010, we are currently conducting a combined research project in the Austrian manufacturing plant of a global player in the automotive industries (company A, approx. 2000 employees) and at the Austrian production site of an international high tech company in the metal industries (company B, approx. 1.000 employees) to determine the impact of HPWSs on the adaptability of organisations to volatile environmental conditions

such as turbulent markets. In this context we have developed the concept of “Organisational agility” and we have introduced this to the scientific discussion in the field of Operations Management in July 2011 (Menrad et al., 2011).

In company A the main scope is the scientific accompaniment of the implementation of various HPWPs on the shop floor. We monitored the process of implementation, evaluated the effects and will again do the accompanying research, when the measures are rolled out on the entire shop floor, which will happen in 2012. Further activities include a complete reorganisation of operational management towards flat hierarchies and innovative approaches of integrating relevant areas on the shop floor into process-oriented structures. Thus, various HPWPs are being implemented in a systematic way and the bigger part of the plant will be involved in this project; in total 1.200 employees will be included in the project.

In company B we evaluate already existing forms of HPWSs, which are there organised in a company-specific production system.

Furthermore we are investigating in both companies whether HPWSs and organisational concepts like Productive Ageing are compatible and of mutual benefit. In addition we are also performing explorative research about the applicability of HPWSs in other areas besides production such as production logistics and R & D departments.

We have set up a multistage research process that relies on a combination of various sociological data collection analysis and methods. We tie this selection to the requirements of the case study method associated with industrial sociology to make sure that we fully understand the differences between the social processes and the company context it is embedded into. We understand that this approach is especially applicable when researching and evaluating the implementation and the effects of new forms of labour organisation.

3. HIGH PERFORMANCE WORK SYSTEMS AND EMPOWERMENT

In the process of our project we want to introduce a systems theory perspective in the scientific discussion. We assume that systems theory can provide the theoretical framework to explain how and why particular HPWPs and HPWSs in general work (and contribute to the innovativeness and adaptability of an organization) and help to formulate the guiding principles for a further development thereof.

One central concept in this respect is empowerment, which can be understood from the systems sciences perspective as an increasing capability for self-organization and on the other hand as providing the structural means to allow for self-organization from an organization theory perspective in general and from the High Performance Work Systems approach in particular.

HPWS respect employees as open systems, as purposeful beings. In HPWSs employees can develop and deploy their competencies and creative potential, they are able to assume responsibility and engage in opportunities for analysis, problem solving and innovation, in which the working environment is a place of learning. (Totterdill, 2008, p. 133). In HPWSs employees develop a competence to make decisions, they learn, that their decisions have an impact, that their contributions matter, that responsibility is to be taken on an individual level. “Even if people fully develop their potential, they cannot give direction to their lives, they

cannot forge their destiny, they cannot take charge of their future – unless they also develop competence to take part directly and authentically in the design of the systems in which they live and work, and reclaim their right to do so. This is what true empowerment is about” (Banathy, 1996, p. vii).

In particular we attempt to determine, which figuration of specific HPWPs correspond with the characteristics of complex adaptive systems. The study presented in this paper is of an exploratory nature and based on the results of a literature research and initial theoretical considerations. It will serve as the basis for further research on a broader empirical basis.

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