

High commitment
work practices and
principle of scientific
work practice



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Excellent staff is one of the best competitive advantages that is hard to be imitated. Some organisations believe that staff is the key factor for an enterprise to succeed or fail and treat them as most important assets of their organisation. These 'people-oriented' organisations own high loyalty staff that has a high degree of satisfaction, is called 'high-commitment organizations'. While some companies that apply principles of scientific management style, use scientific management to pursue high productivity. This article uses evidence to illustrate the relationship between High Commitment Work Practices (HCWP) and organisation performance, and try to analyse why many UK companies prefer to maintain traditional management style by comparison HCWP and principles of scientific management.

Theoretical Background

Organisational performance refers to the actual output or results of an organisation as measured against its intended outputs (or goals and objectives) (Wordiq, 2010).

'High Commitment Work Practices' is 'a term that gained currency in the 1990s that sought to link bundles of HR practices with outcomes in terms of increased employee commitment and performance which in turn enhances the firm's sustained competitive advantage, efficiency and profitability' (Ian et al. 2004). Edwards and Wright (2001) believed HCWP is that the organization kindly treating own member will promote staff work hard. Their satisfaction and commitment will be mobilized. Finally HCWP will enhance the improvement of organisational performance.

On the basis of MacDuffie (1995) point of view, the human resource management practices system that can improve organizational performance, must have three elements:

Employees must have sufficient knowledge and skills;

Human resources management practices must be able to motivate staff to use knowledge and tap skills;

Allow employees to help organizations achieve goals voluntarily.

According to Appelbaum (2000)'s 'AOM' Model, the structure of organisation performance is composed of employee ability, motivation and opportunity to participate. Any organization that wants to improve their performance, should address themselves to the amelioration of above three elements. Therefore, the organization that has high organisation performance normally is strict on recruitment and emphasizes training and development of employee in order to improve employee ability. The organization cares about employee's vocational development and will to keep long-term relationship with staff, distributes according to contribution so as to motivate employee. Meanwhile the organisation should have information communication shared mechanism and update teams' process timely to attract employee's participation. The above is just the main concern of HCWP.

2.1 High Commitment Work Practices

For fine explanation, we apply the HCWP into an organisation and call the organisation as High Commitment Organisation (HCO).

In short, the High Commitment Organisation pays much attention to ‘ common benefit’, ‘ common cause’ and ‘ comprehensive relation’. ‘ Common benefit’ means the initiative of employee that motivate by benefit and material incentive. ‘ Common cause’ means to motivate employee by promoting staff’s Sense of mission, work dedication and value pursue. ‘ Comprehensive relation’ is the relationship of ‘ people to people’ and ‘ people to businesses’. By comparison with traditional US enterprise (A) and traditional Japanese enterprise (J), we can see: (Table 1)

Table 1: comparison of traditional US Organisation (A), High Commitment Organisation (HCO) and traditional Japanese Organisation (J)

A

HCO

J

Common Benefit

High

High

Low

Common Cause

Low

High

High

Comprehensive Relation

Low

High

High

(Source: South China Economy, 2004)

As William Ouchi's saying, High Commitment Organisation is the product of the combination of American Organisation and Japanese Organisation.

In the column of common benefit, HCO carries the 'genes' of US's organisation, emphasizing the material drive. Like American company, HCO carries out 'Performance Related Pay', performance assessing system, target management system, profit sharing plan and employee share option plans.

Relating to the common cause, HCO has its own business culture; sets forward prospect and short-term strategy and announce them on meetings and briefings, shares honour and shame such as Japanese companies do. For example, Sony's vision is to promote Japanese Culture and national identity; the Slogan of Lexus is "the relentless pursuit of perfection". They set up vision not only for the customers but also to their employees to rouse them to the sense of mission.

In the column of comprehensive relation, HCO mainly inherits Japanese organization's gene, enhancing establishes comprehensively and equal friend relations between every people. HCO raises the sense of belonging by

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establishing clubs which encourage employee to communicate with each other during the free time, instead of setting up the special parking space and dining hall for the senior executive. In recent years lot of U. S. and European companies absorb Japanese business philosophy as well. Mrs. Hewlett, the wife of the founder of HP Company, will send the employee who is going to marry a gift and prepare a baby blanket for the every new baby of employees.

2. 1. 1 The characteristic of HCWP

The research on the characteristic of HCWP is meaningful as it can help people to find out how HCO success and learn from it. By using a HCO as example to compare with American companies and Japanese companies, the feature of HCWP is listed in the following table: (Table 2)

Table 2: the characteristic of different type organizations

Classifications

A

HCO

J

Business Culture

Weak

Strong

Strong

Common cause

Weak

Strong

Strong

Comprehensive Relation

Partly

Comprehensive

Comprehensive

Recruitment

Skill-oriented

Quality-oriented Aptitude-oriented;

Strictly Selected

Quality-oriented Potentiality-oriented

Employment

Short-term Employment

Long-term Employment

Life-time Employment

Leadership

Transactional Leadership

Transformation Leadership

Collective Decision-Making

Training and Development

Neglect Training

Value Training

Practice-oriented

Value Training

Unprofessional

Promotion

Non-internal Promotion

Internal-priority Promotion

Internal Promotion

Job Design

Competition

Competition

Cooperation

Cooperation

Obedience

Autonomy

Participation

Autonomy

Participation

Compensation Policy

Individual Performance

Individual & Team Performance

Seniority-based

Team Performance

This table illustrates as follows:

Business Culture: HCO has distinguishable ‘ personality’ and behaviors, and emphasize it business culture that deeply affect their personnel.

Common cause: HCO values vocational work very highly and treats every employee as a friend but not the mercenary and machine of gaining money. Therefore, HCO sets long-term prospect, notifies staff the short and intermediate term strategy target and business performance in order to bring all corporate participants together.

Comprehensive Relation: HCO advocates building comprehensive friendship between members not just only the colleague relations or relationship between superior and subordinate. Every people in company are equal and

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respect to each other. The communication between members is open and aboveboard.

Recruitment: the recruitment of HCO is based on the people's quality and aptitude. All the staff is carefully selected from 3-4 time recruitment tests.

Employment: HCO provides job security to encourage the staff to serve for long term for the organisation.

Leadership: HCO apply transformation leadership.

Training and Development: HCO seriously carries on the long-term investment to the staff. Staffs have detailed training development program and termly training activities.

Promotion: when there is job vacancy in HCO, the organisation will recruit from interior because HCO always love to provide development opportunity to its employee. Besides, internal employee is more familiar with the Organisation.

Job Design: 1. both competition and cooperation are important to stimulate employees' passion and fervor. Too comfortable is adverse for development and too much competition will cause overpress. 2. For individual job, HCO would like to give the reins to its staff and let staff make their decisions for their own job. On the other hand¼EHCO encourage employee to take part in the collective decisions and activities.

Compensation Policy: in HCO, compensation of employees is decided by individual performance, team performance and organisation performance. In

addition, HCO has employee share option plan to uphold staff to own the stock of organisation

2. 2 The relationship between HCWP and organisation performance

Many scholars do a lot of empirical research on the issue of HCWP and organizational performance. The following Table 1 lists the main research and relevant conclusions. (Table 3)

Table 3: The researches on HCWP and organisation performance

Research Subject

Performance Indicator

Research Conclusion

Arthur(1994): Human resource control mode survey and commitment mode of Small iron and steel enterprises survey

Performance measurement system;

Working time

Fraction defective

Quantity of output

The different combination of policies and activities in human resource can predict the performance and the turnover rate effectively. companies using HCWP system can get a higher productivity, lower fraction defective and general quantity of output

Lawler, Mohrman and Ledford (1995) three-time-range research on Fortune 100.

Employee participation;

Comprehensive quality control

Significant improvement in financial performance, integrity in HCWP system

Huselid (1995), 968 different American Trading Company

Net sales per employee: profit/market value

A statistically Significant improvement in net sales per employee and Organizational Performance

MacDuffie (1995): automobile industries

Labor productivity

Quality of output

Productive System

Corporation Strategy

The HR management practices innovation impact on the organisation successfully

Verma, Beatty, Schneier and Ulrich (1999): 39 different service company

Financial performance; Operation performance; Educational change in employee;

HR management practices; Team development

Significant improvement in financial performance, no significant effect in output

Berg (1999): Steel Industry

Job satisfaction

Friendly relationship between staff and management level increase staff job satisfaction

Barnard and Rodgers(2000)

Stability of employment; Manning level;

Development of employee;

Employee development and HCWP system have significant correlation

Guthrie (2000): 164 Singapore companies in various industries

Turnover rate;

Production rate

HCWP, turnover rate and production rate positive correlation

(Source: Foreign Economics & Management, 2004)

The most influential study is the research on the staff selection, staff training and development and performance management's influence on organisation performance by Huselid and Becher (1996). The study found that, each increase of one standard deviation (SD) of HCWP system, each employee can increase \$4, 000 dollars output value, which equal to \$18, 000 dollars market value for the organisation on average. In the survey on 968 U. S. commercial companies (Huselid, 1995), each increase of SD of HCWP system, every employee can increase \$27, 044 dollars, which means 18, 641 dollars for the organisation. In 2000, Barnard and Rodgers's study of 105 Singapore companies shows that staff development, including the development of performance evaluation, training inputs and organizational culture, were significantly related to HCWP. The conclusion of Arthur 1994's research is that Human resource management policies and activities can effectively predict performance and turnover rate; High performance systems have higher productivity and lower scrap rates.

On the basis of above, it can be seen from this that ' High commitment' can combine effectively with organisation performance, the indicators of HCWP have positive correlation with organisation performance, like the HCO's recruitment and employee ability, compensation and employee morale, employee relationships and total performance are positive correlation. HCWP is helpful in the improvement of the organisation performance.

Principles of scientific management (PCM)

3. 1 The characteristic of Principles of scientific management

UK's traditional management style is based on the principles of scientific management. During the middle of the Eighteenth Century, Europe launched a great Industrial Revolution which had taken place in England first and promoted the development of capitalism. At that time, there are some qualitative changes occur on the methods of production. The big machine industry had replaced the handicraft industry. Factories had more workers and the division of labor is pronounced. At that time, business management was very backward, Organisation manage people is based on experience. Factories worked long time hours with low efficiency, low wages, lack of training of workers, labor relations strained, employers do not know how to stimulate the labor productivity. Labor productivity cannot reach the requirement of science and technology level of development at the time. Thus, the issue of how to effectively use technological advances to improve labor productivity became the intense speculation. The situation also promoted the awareness of management attention. Against this historical background, Taylor's Scientific Management appeared on the scene to enhance productivity. The Scientific Management style has three features: scientific method of operation; the separation of planning functions and executive functions; and the win-win between the employer and employee

3. 1. 1. Scientific method of operation

By long-time observing workers in the working filed, Taylor found the reason of slack for work is that workers need to think for themselves the way to work and choice the work tools. But they have neither the time to think

about these issues nor the solution these problems. That is why workers “ dawdle along” and out of productivity. After repeated every work procedure by himself, Taylor developed accurate methods and operating procedures by removing unnecessary wasting manpower and time. These methods greatly improved production efficiency, and promoted the development of production. The main points of scientific method of operation are as following:

Selected the ‘ first-class workers’ for the job. In Taylor seems, everyone has different gifts and talents, everyone can become a first-class workers as long as the work is suitable for him. After observed, he considers that the main difference between people not intelligent, but the will. Some people suited for the job, while others are not suitable. First-class workers are hard workers and appropriate for their jobs. Therefore, workers in all industries should be the most suited for the job. Which is reflected Taylor’s “ professional division of labor” ideology.

Implement the work quota system. Taylor believes in the old administrative system, neither workers nor employers know clearly about how much work a worker should do per day. The workload of a Workers, employers or managers is determined empirically. This is lack of scientific basis. In his view, must determine the workload of the day for workers by scientific approach which is selecting appropriate and skilled workers and do time study and motion study on them in order to determine a “ reasonable amount of work day.”

Development scientific methods of work. Using scientific methods to make a reasonable match the of workers' operating methods, tools, labor hour and rest time, while improve the arrangements and operations of machine and the operating environment By eliminate all unreasonable factors, the best combination of factors would form a standard operating conditions. Only standardization is enable workers to use more effective tools and more efficient methods of work, so as to achieve maximum productivity

Implementation of incentive wage system. It consists of three parts:

Determine the “ wage rate” by observation and analysis of labor hour.

Differential piece rate system: if the workers meet or exceed the quota, the work will be paid according to a high wage rate as an encouragement; if workers did not meet production quotas, the worker will be paid at lower wage rates, and issued a yellow warning. The worker will be dismissed if she/he does not make better.

Pay remuneration on time. The remuneration must be issued immediately after the completion of the work. This production will be able to mobilize the enthusiasm of the workers and to overcome the phenomenon of ‘ dawdle along’.

To cite a case, UPS employs 15 million people. There will be 9 million parcels need to be send across the United States and 180 countries each day. In order to achieve their purposes of ‘ the most efficient delivery in the postal industry’, the managers of UPS use the work-hour research of Taylor’s Scientific Management, and scheme out a precise procedures through

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research on and timing the delivery routes and the ways of delivery. The rigid schedule seems rather cumbersome, but it brings a high efficiency. Many experts of productivity agree that, UPS is one of the most efficient companies in the world. To contrast with the others, FedEx just pick and delivery 80 parcels per person per day, while the UPS transit 130 parcels per one per day. Accordingly, UPS pays 18 dollars per hour to their rivers. Plus the overtime income, a UPS deliver's average annual income is more than 50, 000 U. S. dollars. At the same time, management can gain high profits as well.

3. 1. 2 The separation of planning functions and executive functions

In the tradition way, workers are responsible for all the production activities and do them according to their own habits and experiences. Workers have to bear heavy responsibility when problems occur during the job. Taylor believes the issue should be resolved by using scientific methods. The method is to find standards, development of standards, and product according to the standard. The scientific management sets a criterion through scientific research and study, and follows the criteria. Separate the planning functions and executive functions can arrange individual people responsible for scheduling the work, and a specialized people to execute those plans. Therefore, Taylor's system has managers, event determination, teachers, administrators and other tasks which the old system does not have. Through the functional distribution and internal communication, these new staff could promote efficiency and make a better organisational performance.

3. 1. 3. The win-win between the employer and employee

Before Taylor's view, almost every people think that under capitalist institution^{1/4}the relationship between employers and employees is ' zero-sum game'. Their eyes focus on how to ' divide the cake'. However this small ' cake' could satisfy neither employers nor employees. Taylor propose a new relationship between employers and employees which can be a " non-zero-sum game'. The management should ensure a high degree of prosperity both to workers and employers. This view leads people to look from. " how to divide the cake " to" how to make a bigger cake", made by the hostile relations between employers and workers into partnership, the change in labor relations also promote productivity.

However, Taylor's scientific management increasingly shows some limitations after prevailed for two decades as weight management but neglect of people management.

The limitations of scientific management are that Taylor's view of workers is wrong. He believes that the main motive for the workers is the economy. The workers most concerned about is their income and how to improve it, which adhere to the ' economic man' hypothesis; Taylor's scientific management only focus on technical factors and does not attach importance to social group factors. Taylor system" only solves the specific work of individual operating efficiency, but not how to solve the problem of how to manage and operator an enterprise as a whole organisation.

3. 2 Job design in the principle scientific management

Due to Taylor's principle of scientific management is considered as lack of impersonality, many modern managers make some improvements when they apply this theory into their organisation. One aspect of the improvement is about job design.

Job design has two objectives to meet: first is to meet the productivity and quality objectives; the second is to make work safe, stimulating and enabling workers' satisfaction. Through a good job design can make people happy at work, decreased fatigue and improve sense of self-realization. It will be helpful to the overall goal of the enterprise. Through job design, can reach the purpose of improve productivity and quality improvement, reducing costs and shorten production cycle.

In traditional, when production and operations management consider the impact on productivity relate to the human factor, the main concern is the operator's working environment, such as workplace layout, lighting intensity, ventilation, temperature, color and other aspects of workplace factors but pay less attention to the psychological needs. According to the social development and economic development, after addressing the basic survival issues, people increasingly emphasis on psychological needs. Tedious assembly-line workers are getting tired of the precise designed flow of work. After the study, people found that a person repeated in a unitary work would make him loss of enthusiasm for work. In order to maintain the enthusiasm of people, operator should changing job content and increase the attractiveness continuously Therefore, the modern production and

operations management places great emphasis on the diversity of work,
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enrichment of job content, using job rotation to keep staff's interest and enthusiasm for work.

Managers using Job enlargement, Job enrichment and job rotation to satiate people's psychological demands. Job enlargement is the horizontal expansion of the work, which expanded the scope of work or field so as to increase the content of the work and avoid the staff tedious on the routine, repetitive work. Job enrichment Job enrichment refers to the vertical expansion of the work, aiming at increasing workers' in participation in the work plan, decision making, process control and even the evaluation of the content of incentives to provide workers a sense of achievement, responsibility and acceptance. Job rotation means that staff is regularly rotated from one job to another so that different employees have a better understanding of work. Meanwhile Job rotation can bring the feeling of freshness to workers so can ensure people's job enthusiasm.

The comparison between HCWP and the PCM

As mentioned before, HCWP is a HR management style based on commitment, aiming at improving the employers' awareness of common heritage with employee, and building up the long-term relationship and loyalty. HCWP highly focus on the staff development. It usually has many human resource management practices, like strict recruitment process, many possibilities of internal development, wide range of training programs, incentive pay system, the general work security and self-managed work teams. The principle of scientific management is control based, meeting the needs of development mainly through the external labor market. They seldom train even not training the existing staff.

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Nonetheless, even though the HCWP can promote the organisation performance and competitiveness, traditional management style still using in many firms in the UK. This may because of the different view the have. Traditional HR function, when viewed as a cost centre, focus on transactions, practices and compliance; when this is replaced by a strategic HRM system it is viewed as an investment and focus on developing and maintaining a firm's strategic infrastructure (Becker et al., 1997). Since the industrial revolution, Britain began to use the principles of scientific management. Comparatively speaking, HCWP developed in recent years. In another word, the effective of this method has not been fully apparent. Many firms worried about investing in reform cannot reach the expectations; even damage the current right of management. In addition, changing the HR model has a very high cost, especially the HCWP using high security strategy, emphasizes employer development, training and awards, all of these would need a big expense. In the circumstance of financial crisis and economic recession these days, it is the costs can be saved.

Conclusion

After comparison and research, this article indicates that HCWP can promote productivity, output per capita and sales so as to improve the organisation performance. However, many UK firms still prefer the traditional management style. The probable reason is that the managers of this firm concern about the high costs of the HR reform and its degree of effectiveness.

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