



Quality time

Stephen Wood, Lilian de Menezes and Ana Lasaosa examine evidence on the impact of High Involvement Management and conclude that with it employers can raise the rate of productivity growth and simultaneously achieve high levels of both quality and productivity.

“**G**ood people management costs no more than bad people management. It is an idea whose time has finally come”, wrote the journalist Simon Cauklin in *People Management* last August.

This judgement is based on an assumption that human capital is now central to competitive advantage. It is founded on a spate of recent studies, both in the US and the UK, showing a positive relationship between sophisticated human resource management and corporate performance. This benevolent system is being labelled “high performance management”.

An earlier article by one of us (“Putting the cart before the horse: how can we be sure about the management revolution?”, *CentrePiece* Spring 2000) questioned whether the claims for this research and the coining of a new label were justified. It particularly noted that there were many strands to the argument and that there was great diversity within the research. Subsequently, using the 1998 UK’s Workplace Employment Relations Survey (WERS98), we have been able to test many of these diverse arguments. The results suggest that some of the scepticism is justified. However, they support a key feature of one of the strands – that a core set of “high involvement” practices concerned with changing the way people work are being used in concert. This reflects an orientation on the part of management towards involving

and developing the workforce. Moreover, this high involvement management does have an effect on a key performance variable, the rate of productivity change. Organisations that practise high involvement management are also more likely to deliver both high quality and high productivity.

Others have also been uneasy with the elevation of human resource management (HRM) to the status of *the* key to high performance. First, there are those who question the very idea of a “best way” of managing people that can fit all contexts. Second, there are those who point out that a strategic and employee-centred approach to human capital management conflicts with the short-term financial criteria that stock markets bring to bear on managements, particularly in an Anglo-Saxon context. Third, there are those who think that HRM generates profitability not because it is a benevolent form of management but because it is just another means of making workers work harder.

Our scepticism, however, is directed more at the claims that there is sufficient uniformity in the studies to justify the high performance management label. First, the nature of what is taken to be the good HRM varies between studies and is often not clearly identified in them. Second, the results of the performance effects of HRM (however conceived and measured) are neither as clear-cut nor as uniform as some have concluded. Even within studies, there is often unevenness in the results as between



Worker ant



Management ant



Suggestion box



Quality circle

Some think it is not a benevolent form of management but just makes workers work harder



different performance measures. While some results point to universal effects, others do not.

There are common starting points in the research. The first is the notion, implied by the term HRM, that employees should be considered as a resource rather than a cost. The second is the emphasis on HRM practices designed to enhance the involvement of employees in their work in the belief that they harness people's energies and commitment towards organisational goals. (Various terms were coined for this perspective, including high involvement, high commitment and, most recently, high performance management.) The third is the contrast between high involvement management and the style of human resource management based on narrow and tightly specified job definitions. To illustrate the difference, high involvement management assumes that gains will accrue from investment in training and development, rather than from limiting training costs to meet immediate needs, as in the control model; from empowering employees (through enrichment, introducing self-managing teams and encouraging subordinate participation), rather than from simplifying and closely specifying job requirements; and from ensuring good communications up and down the organisation, rather than from limiting information to a need-to-know basis.

Yet beneath these common elements in the research there are differences. The most pronounced is between a focus on sophisticated personnel management practices and on a more specific high involvement management, the core of which is changes in job design. These two approaches overlap, because personnel management includes work organisation practices, which in turn entail the use of personnel policies for their success. But they imply quite different notions of the high performance human resource system.

The first notion treats it as the set of best practices for each area of personnel management. The second implies that it pivots on a set of practices, designed to encourage all employees to work flexibly and creatively: for example, functional flexibility, team working, quality circles and suggestion schemes. From the "best practice" perspective, the greater the number of the best practices used in the organisation the greater will be its performance. The issue then is whether each practice has an equal effect, or whether the effect of all or some is dependent on the existence of others. For example, will the effect of sophisticated selection processes be minimal if, once in the organisation, employees are then managed with practices that are not state of the art? Or is the main effect of a good selection process that it produces a workforce so committed and skilled that it is unaffected by other less good management practices?

A secondary issue is whether the effect of these good practices is dependent on the extent to which an organisation has a strategic approach to personnel. Is the effect of sophisticated personnel practices limited, if they are not

underpinned by a strong personnel function, where human resource management is accorded a key role in determining the overall strategy of the firm and is integrated with day-to-day line management?

In the other high involvement management perspective, the key is a set of core (work design) practices. However, as their design and concerted use is evidence of an underlying management orientation in favour of involving and developing their workforce, that in itself becomes part of the equation. The issue then is the extent to which the performance effects of this core are dependent for their maximum impact on the existence of supporting personnel and employment practices. A secondary issue here is whether the successful adoption of HIM depends on the use of practices associated with total quality management or what is known as "lean production".

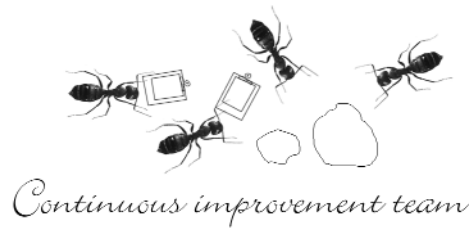
The two perspectives also have differing implications for research design. Under the best practice approach, practices are defined on the basis of leading edge theory and/or empirical investigation of their effects. The extent to which (and in what way) this bundle effects performance can then be tested empirically. Typically, this has involved correlating the number of practices used with various performance outcomes. This assumes that the effects of practices are equal and, in combination, additive. Other tests can then be conducted to see if the picture is more complicated, i.e. to discover whether practices are mutually reinforcing, or whether the effects of individual practices used alone are limited or even negative.

Research into the high involvement perspective requires, first, an empirical investigation of the practices involved to assess whether they are in fact used in concert and whether their use is indicative of an underlying management orientation. Then, if their use is found to be systematic, measures of that usage or of the underlying orientation can be correlated with performance to see if they are linked. Co-existence of practices is crucial here. For, without it, high involvement management is not a meaningful concept in practice. It remains simply a part of the discourse of management thought, not of reality: the practices are simply being used in an ad hoc way.

Our research has concentrated on the second perspective. Its starting point is the following conception of high involvement management:

- it is a task-centred approach to participation
- it involves (a) the combined use of managerial practices, such as quality circles, job flexibility, and team working and (b) an orientation on the part of employers to develop and harness the human capital of the organisation
- at its core are task-level practices, i.e. methods for working flexibly and producing innovations
- it involves two types of support practices: (a)

Employees should be considered as a resource rather than a cost



individual supports, through which individuals are given training and information to engage successfully in such practices; and (b) organisational-level supports – practices, such as minimal status differences and job security, which are directed at the recruitment and retention of people able to work in a high involvement manner

- if successful, it should result in employees being flexible, expansive in their perceptions and willing to contribute proactively to innovation
- it should thus have its most telling effect on rates of productivity growth and in ensuring the simultaneous achievement of high quality and high productivity.

Our research strategy has differentiated between examining the nature of HR practice and examining its effects on performance. (Previous research has concentrated on effects.) More specifically, it has involved two elements:

(1) a detailed examination of the relationship amongst practices associated with high involvement management, total quality management and the strategic approach to HRM; and

(2) an assessment of the performance effects of these practices (with the results from (1) dictating how these practices are conceived and measured).

The 1998 UK Workplace Employee Relations Survey, which we have used, is the fourth in a series of representative surveys of the UK economy. It has a greater coverage of human resource management issues than past surveys. Its virtue for our needs is that it contains measures of a comprehensive range of high involvement and total quality practices, as well as data on the strategic integration of personnel management.

The high involvement management practices in WERS98 can be classified according to our three types:

(1) task-oriented practices: team working, functional flexibility, quality circles and suggestion schemes;

(2) individual-level supports: team briefing, induction, training for human relations skills, information disclosure and appraisal;

(3) organisational-level supports: survey feedback, priority given to internal recruitment, motivation as a selection criterion, job security guarantees, minimal status differences and variable pay.

Our results show that

- of the core task, high involvement practices, team working is the most widespread (75%), followed by quality circles and continuous improvement teams (50%) and job flexibility (42%), with suggestion schemes coming last (37%)
- core high involvement practices are no more likely to be used in the private than the public sector
- core high involvement practices are systematically used together and supported by practices that equip employees to work in a participative way (measured in WERS98 by team briefing, induction, information disclosure, appraisal and training in group and interpersonal skills)
- high involvement management is not necessarily complemented by employment practices, such as job security guarantees, internal recruitment and single status, which are not as common as high involvement management

Table 1 Distribution of HI management practices

	%
Team working	63
Functional flexibility	47
Quality circles	47
Suggestions scheme	34
Team briefing	83
Induction	79
Training for HR skills	45
Information disclosure	83
Appraisal	54
Survey feedback	29
Internal recruitment	25
Motivation as selection criterion	88
Job guarantees	11
in status difference	57
Variable pay	34

Source: WERS98





- a philosophy of paying according to performance is not part of HIM, so performance-related pay systems (including employee share ownership and profit sharing) are not necessarily associated with high involvement management
- HIM is not part of a broader management concern with employees' well-being, as it is not associated with family-friendly or equal opportunity policies
- high involvement practices are used in conjunction with total quality or lean production practices, such as the measurement and monitoring of quality and customer requirements and complaints, training of employees in problem-solving, and self-inspection
- the popular association of high involvement management with high profile non-union firms, like IBM, is not supported by these data (in fact high involvement management is more likely in workplaces where trade unions are recognised).

More sophisticated statistical analysis of the variables involved allows us to point to other relationships:

- managements using core high involvement practices in a concerted way are orientated towards enhancing the involvement, development and contribution of their employees;
- the proportion of workplaces across the whole economy where managements have this high involvement orientation is 26% (with 24% having no such an orientation and the remainder being only partially concerned with involvement);
- 38% of the UK workforce works in high involvement workplaces and only 13% in "no involvement" workplaces;
- almost all managements with a high involvement orientation are also geared towards the achievement of high quality.
- such high involvement management is no more or less likely to be in the private than in the public sector;
- high involvement management is prevalent in large workplaces and is allied to workplaces where personnel management is integrated into the strategic planning and objective setting of the organisation.

From the data, the measurable effects of high involvement management are discernable:

- strong positive effects on the rate of reported productivity change (but not necessarily on the level of productivity, quality or financial performance, nor absenteeism and labour turnover);
- when allied with total quality management, it strengthens the relationship between quality and the level of productivity;
- organisations able to achieve high quality and high productivity are disproportionately those practising high involvement quality management ;
- the effects of High Involvement and Total Quality

Management are not enhanced when internal recruitment is favoured, job guarantees are offered, or status differentials are minimised;

- the effects of High Involvement and Total Quality Management are not contingent on personnel management being strategically integrated, the product market being unstable, or trade unions being recognised.

Finally, we also analysed these practices as if they were "best practices", by aggregating undifferentiated sets of them. This analysis did not achieve the same telling performance results.

High Involvement Management is the foundation of human resource management in Britain. Being task-centred, it is a limited involvement. It clearly does not involve excessive job enrichment and workplace democracy, as some sceptics suppose. It is not based on Japanese-style employment practices, with a heavy use of internal recruitment, guarantees of job security and low status differentials between management and workers. Indeed, when HIM is associated with these characteristics, its effects on performance are not enhanced.

The high involvement management that we have analysed, focused as it is on encouraging employees to be flexible, expansive in their perceptions and willing contributors to innovation, is integral to the notion of partnership put forward by the Labour government and the TUC. The evidence here indicates that its real value is in raising productivity and overcoming the traditional conflict between high quality and high productivity that managers and trade unionists have faced in the past.

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References & further reading

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