High Performance Work Practices - Work Intensification or ‘Win-win’?

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Abstract

Research in the 1990s on High Performance Work Practices (HPWPs) provided a wide range of positive results for organisational performance. Adding to these early studies in the US are similar findings from other countries. However, recent research evidence, especially that coming from the labour process tradition and research projects that look specifically at the impact of lean production on workers, appears to suggest that HPWPs are likely to lead to work intensification and not performance. This current paper examines the relative strengths of the opposing claims. There appears to be evidence of both positive and negative impact on workers. Through the use of two case studies, this paper argues that, when attention is paid to workers’ intrinsic job satisfaction, there are positive outcomes from HPWPs for employees as well as organisations.

Introduction

Recent human resource innovation has been dominated by the emergence of High Performance Work Systems (HPWS). For example, in the last 15 years an extraordinary amount of human resource literature has been devoted to investigating the nature of High Performance Work Practices (HPWPs) and their impact upon organisational outcomes. However, while evidence for organisational benefits continues to accumulate, evidence for employee outcomes are increasingly polarised. As will be explored in this paper, there are broadly two competing arguments about the impacts of HPWPs. On the one side, the positive outcomes that have been identified for both workers and organisations include productivity gains, profitability, low staff turnover, better teamwork, enhanced training and skills, greater staff commitment and higher earnings for employees. On the other side, there are particular concerns about the negative effects of HPWPs on employees’ experience at work. The latter research tends to argue that HPWPs may accrue marginal benefits in terms of the higher level of discretion, involvement and commitment. However, these benefits are outweighed by the associated increases in responsibility, workload, work-home spillover and work stress. The ultimate impact of HPWPs on workers within this second camp is work intensification.

Our aim in this paper is to consider how the principles of HPWP are put into practice and the impact this has on workers. Thus, this paper is divided into three sections. In the first section, we examine the current research evidence on the impact of HPWPs on workers. We identify the sources of divergence between the positive and negative views of the HPWPs effects on workers, concluding that the evidence available so far seems to suggest that work intensification is a very likely outcome if employers do not implement HPWPs in an appropriate manner. In this respect, it is likely that many employers may have mixed up ‘new work practices’ (simply using new or more practices) with ‘high performance working’. The second section then considers some of the models developed to examine outcomes of HPWPs on workers. We propose that intrinsic satisfaction needs to be taken into account in order to enhance our understanding of these outcomes. In the third section, we use a case study approach to highlight how the principles of HPWPs are implemented in two organisations, with positive experience among
employees. We draw on these to argue that, when HPWPs are implemented within the appropriate conditions, the ‘win-win’ scenario is a real possibility.

The Impact of High Performance Work Practices on Workers

The overwhelming attention of early HPWPs research was placed on the benefits of ‘performance’ – that is, organisational performance in nearly all cases. In particular, research into high performance working suggests that positive workplace outcomes can be leveraged through cumulative and synergetic effects among reinforcing ‘bundles’ of practices (Arthur, 1992; Kalleberg and Moody, 1994; Kling, 1995; Huselid, 1995; MacDuffie, 1995; Pil and MacDuffie, 1996; Delaney and Huselid, 1996; Becker and Huselid, 1998; Ichniowski et al., 1997). Results from some of these papers indicate that the performance impact of bundles is likely to vary by sector and product market strategy (Blasi and Kruse, 2006). Many of these positive results originated from US studies. However, similar results are also found elsewhere – e.g. to name but few: Patterson et al. (1997), Guest et al. (2003), Thompson (2001) and Wood (2001) in the UK; Betcherman et al. (1997) in Canada; Tung-Chun Huang (1997) in Taiwan; Guthrie (2001) in New Zealand; Guerrero and Barraud-Didier (2004) in France and Den Hartog and Verburg (2004) in the Netherlands.

Owing to the organisational performance focus of the above studies, the likely effects of HPWPs on the worker are often treated as a ‘mediating factor’ within the practices-performance causal linkage. In this respect, the above early studies followed two broad theoretical arguments. The first is the ‘high involvement’ (HI) perspective, which means that the use of HPWPs is to effect workers through empowerment, ownership of decisions, job autonomy/discretion and participation. Although HI practices vary greatly in their emphasis and implementation ranging from employee councils to contingency pay they all tend to leverage productivity of workers by engaging workers in a more responsible as well as a more responsive manner. The overall impact is working ‘smarter’ (Becker and Gerhart, 1996; Whitfield and Poole, 1997).

The second theoretical argument is the ‘High Commitment’ (HC) approach, which explains the practice-performance linkage through a ‘cultural/motivational’ perspective. This perspective means that workers’ performance is derived from loyalty and sharing of organisational goals. The consequence is therefore one of reduced labour turnover and/or absenteeism, greater workforce flexibility, higher levels of skills retention, skills utilisation and skills development among the workforce. A recent variant of this research has led to a sub-group of research on ‘organisational social climate’, which explicitly examines the connection between practice that motivates employees and employee performance (Bowen and Ostroff, 2004; Collins and Clark, 2003; Tsui et al., 1997). This group of research sees ‘high commitment’ practices as having a series of impacts that run from HPWPs to social climate at work (e.g. higher trust, cooperation, shared behavioural code, values and culture); then from social climate to personal attitudes (e.g. greater teamwork, participation, exchange and synergy of knowledge and skills) to organisational performance (e.g. sales and quality of service). For example, a recent study by Collins and Smith (2006) found that commitment-based human resource practices, when implemented within the above approach, could lead to higher financial performance.

What makes the HPWPs literature distinctive is the combined use of these practices (i.e. the bundles), which are intended to form some ‘internally consistent’ and reinforcing work environment. This means that, irrespective of whether the main focus is one of high involvement or high commitment, some combination of practices will have been adopted. In addition, the effects of HRM practices are often integrated into HPWPs such that the bundles are supported, nurtured and appropriately rewarded. For example, the use of internal labour markets, performance appraisals, family-friendly policies/facilities, performance-related pay, mentoring and personal development plans are seen to reinforce the effects of both HI and HC approaches. It is along these lines of reasoning that the HPWPs literature generally supports the argument that HPWPs ultimately leads to significant worker benefits. In other words, HPWPs will lead to a ‘win-win’ scenario (Rousseau, 1995). For example, US studies found that while employers gained improved product quality, productivity and profitability, employees benefited from higher levels of wages and job satisfaction (Huselid, 1995; Ichniowski et al., 1997; MacDuffie, 1995; Appelbaum et al., 2000).
Despite the amount of positive research evidence on performance, it is surprising that very little research has been directed towards the ‘benefits’ for the employees who work in a HPWP workplace. There are two reasons for this research gap, both of which are likely to be the consequences of methodological problems. The first problem is the result of the frequent use of a particular form of survey data. This form of survey data is mainly derived from responses from managers who supply information on work practices and performance outcomes. This, in turn, leads to other potential criticisms that the data suffers from ‘single source’ bias; it is derived from ‘perceptive’ measures and the data say very little about the actual benefits, as experienced by the workers. The second problem comes from the fact that many of the ‘worker benefits’ are ‘intrinsic’ in nature. Many of the existing surveys have not been designed to support such an enquiry.

As a result of the above shortcomings, the nature of the impact of HPWPs on employees is not clear and remain highly contested. For example, Ramsay et al. (2000) make the following observation:

It is this logic of interdependent effects that makes the HPWS argument distinctive. It entails a causal path in which worker outcomes mediate between HPWS practices and performance. Yet though these connections are crucial to the argument, the linkages from HPWS to employee outcomes and thence to organizational performance remain almost entirely untested. Most contributors have taken it as all but demonstrated that the impact on worker experience and response must also have been positive, since this was expected to be the route through which HPWS practices would have their measured performance effect.

(Ramsay et al., 2000: 504)

Ramsay et al’s remark that the linkage is “almost entirely untested” has some merit in so far as quantitative surveys have not been directed at testing issues such as intrinsic job satisfaction and what might constitute a positive working environment that would encourage such job satisfaction to develop.

The strongest objection to the ‘win-win’ potential of HPWPs comes from two sources. The first is known as the ‘labour process’ critique of HPWS (Ramsay et al., 2000). In its original form, the labour process critique may be traced to Marx’s writing on the control of the work process and its consequence of worker alienation, deemed to reduce intrinsic job satisfaction. Notice that even in this early writing of Marx, the connection between intrinsic job satisfaction and performance is readily identified. With the introduction of human resource management (HRM) in the 1970s, which emphasised employees being an asset to the organisation, the labour process perspective saw modern management becoming increasingly ‘sophisticated’. HRM in the eyes of the labour process analysis is still a tool to maximise capitalist profit through de-skilling and direct management control (Braverman, 1974).

However, with the emergence of HPWPs with their explicit emphasis on high involvement and high commitment, this ‘Taylorist’ form of critique was considered increasingly irrelevant to what was happening at the workplace. For example, under HPWPs three types of practices may be adopted to encourage performance – contingent pay, high employee involvement and employee development – making it difficult to associate workplaces with de-skilling and direct management control. In recognition of this contradiction, the labour process approach developed a slightly different form of critique for the modern workplace in the 1980s and 90s. The evolved version of labour process theory now recognises a different kind of work (and often cooperative) relationship between management and employees. This became known as the ‘neo-Fordist’ interpretation of the labour process critique. Prechel (1994), in particular, argues that this is a new management method for capital accumulation – one that secures the cooperation of labour instead of deskilling and controlling it.

What is interesting is that the neo-Fordist version of the labour process actually agrees with HPWPs in terms of the effect of high performance work systems and their impact on organisational performance. Where it differs is in how it understands the consequences of HPWPs on workers in terms of their work experience. Many argue that employee involvement and new-found job discretion is a myth (Clegg, 1990; Harley, 1999). Instead, it is argued that the end result of high levels of workplace participation and expectation is likely to be gradual work intensification, job insecurity and work stress.
A ‘Win-win’ Model of HPWPs

As noted, there are two objectives in this paper. The first is to argue that the positive impact of HPWPs for employees is far from being a myth. Nevertheless, we also note that when implementing HPWPs there is a very fine line between a HPWPs model and a neo-Fordist high-stress model. Two organisations can implement identical practices, but employees can derive very different experiences from them. The likely source for departure lies in the subtle ways in which employees derive their intrinsic job satisfaction. Through the use of two case studies, our second objective here is to examine the diverse ways in which intrinsic job satisfaction can be enhanced. As will be seen in the case studies, although intrinsic job satisfaction may vary from case to case, intrinsic job satisfaction forms a very important basis on which a ‘win-win’ HPWPs model can be implemented.

A useful starting point to illustrate the differences between the HPWPs model and neo-Fordist model is to make use of Ramsay et al’s (2000: 506) diagrams. Here we combine Ramsay et al’s (2000) HC and HI approaches into one diagram and compare this with the neo-Fordist model.

Diagram 1: HPWS - Combining High Involvement and High Commitment Working

Diagram 2: The Labour Process (Neo-Fordist) Model

Diagram 1 reflects many elements of our discussion in the first section and it shows that the high involvement approach mainly focuses on a more devolved form of management relations and worker discretion as a means to eliciting higher levels of worker involvement. This will then have a positive impact on organisational performance. In the high commitment approach, HPWPs target all three components in Ramsay et al’s diagram – management relations, worker discretion and extrinsic satisfaction. Extrinsic satisfaction is often delivered through some form of performance-related pay. These are then translated into performance. Interestingly, the diagram also suggests that when an
organisation implements high commitment practices, high involvement practices are also required. This reflects the ‘bundle’ nature of HPWPs.

Diagram 2 depicts the labour process critique of HPWPs and that despite the presumed benefits of HPWPs, these benefits are at the expense of increased responsibilities, higher participation (as in the form of longer work hours and work-home spillover) and higher job stress. Others suggest that employee empowerment remains a difficult reality because ‘power’ is not a commodity that can simply be ‘given’ to another person. ‘Power’ resides in the underlying organisational structure, its associated political context and the specific production process (Clegg and Palmer, 1996; Harley, 1999). If genuine empowerment is difficult, the implication is that under the labour process thesis, intrinsic satisfaction may be impossible. There is also another source of negative impact. If the reason for implementing HPWS is about cutting costs and/or driving up quality of products \( \text{e.g.} \) lean production in manufacturing – performance is often gained at the expense of the wellbeing of workers. This is obvious as workers are no longer the primary attention of a HPWS, but merely a necessary means to achieving performance (Delbridge, 2005; Godard, 2004). The end result of implementing HPWPs is therefore one of job stress.

Ramsay et al. (2000) tested the above opposing models by examining the 1998 Workplace Employee Relation Survey (WERS98). They found little statistical evidence to support either of the two relationships, concluding that:

The LP [labour process] model, however, emerges from our analysis no more robust than either of the HPWS models. While we do not step back from our criticism of the orthodox assumption that management and labour are both winners in the new world of work, nor do our results suggest that we should accept the simple counter-argument that gains to management always come at the expense for labour of degradation of work. On the basis of the analysis presented here, this assumption is no more tenable than that of orthodox theories of HPWS.

(Ramsay et al., 2000: 521)

So what is going on here? The two diagrams above may already provide one possible explanation. Essentially, job stress and high commitment/involvement are two sides of the same coin. The difference between the two sides lies in the way workers internalise these practices and how they assess their own positions within the organisation and HPWPs. If workers see that the practices are beneficial to their well-being, as well as to the organisation, they will embrace the working environment in a particular way and will interpret their experience of HPWPs positively, as depicted in Diagram 1. If workers see no personal benefit at all, any new or additional practices will be seen as ‘extras’ that they do not want, irrespective of the potential benefits to the organisation. Thus, as mentioned above in the case of lean production where the driving motive for implementing HPWPs is lowering costs and maintaining consistent quality, the wellbeing of workers is secondary. Then it is not surprising that workers see HPWS negatively. The next question therefore is how workers interpret these practices and benefits for themselves. We would argue that the answer lies in a missing element within Ramsay et al.’s diagrams – namely, the intrinsic satisfaction of work. Adding this element into the model will substantially strengthen our understanding of the processes taking place when HPWPs are introduced and the resulting worker experience.

Within survey data, intrinsic satisfaction is one of the most difficult pieces of information to obtain. Although the concept can be generally defined, it (or the weights of its components) is likely to vary from worker to worker. Intrinsic satisfaction is derived from within the person or the activities involved in the job, or both. Intrinsic satisfaction, as such, is influenced by a variety of factors, e.g. career prospects, support, personal interest/circumstance match, opportunities and even excitement. Intrinsic satisfaction is also likely to be determined by occupational factors. For example, workers on the assembly line may see family-friendly policies and facilities of great value to them, while professional workers may see personal development opportunities and autonomy to organise their work as most important. In addition, workers are likely to make their intrinsic value judgements in relation to the intention of the introduction of HPWPs. Thus, the expressed culture of the workplace – one that values the workers as assets or one that wants to lower costs – may influence how workers interpret their position vis-à-vis HPWPs.
The concept of intrinsic value is also compatible with the traditional approach in occupational psychology when studying the incidence of ‘occupational job stress’. A common definition of job stress is as a personal adaptive response to events, action and situations that place demands on that person. This personal and adaptive response is also likely to vary according to individual preferences, job and other contextual factors (Berg, 2002). The psychological approach therefore points to a very similar argument to intrinsic job satisfaction. Namely, simply to implement any practice cannot guarantee a positive employee experience and employee performance. Those who are implementing HPWPs have to be aware of the wider factors that are involved.

It follows from the above discussion that the extent to which managers understand what they are doing also plays an important role. In a pressured environment, it is not difficult for managers to misinterpret the role of new practices as ‘fads’ and to consider that all they have to do is to ‘push the button’ – adopting whatever ‘sounds good’. If HPWPs are introduced without due consideration for workers’ intrinsic satisfaction, which is often contained within a worker-centred approach, HPWS are likely to be seen as ‘exploitative’ and are unlikely to succeed because workers are not buying into the idea. This means that work intensification is a very real outcome if care is not exercised (Ashton and Sung, 2002). All of the above factors make a very fine line between a positive HPWP outcome and that of work intensification. We believe that many employers are not necessarily implementing HPWPs with these considerations in mind – some researchers refer to this as the ‘low road’ to high performance (Guest and Conway, 2006). This perhaps explains why, despite the increasing levels of HPWPs adoption, there appears to be a trend in many countries of workers’ ‘well-being’ and job discretion seeming to be eroded (Green, 2006; Godard, 2004). Indeed, HPWPs require a high degree of effort to create the intended positive (and ‘win-win’) environment such that many employers may not reap the benefits. However, this does not negate the potentially positive impact of HPWPs on employees.

In the next section, we adopt a case study approach to examine in detail what constitutes a worker-centred approach to building positive intrinsic satisfaction. We have already argued that intrinsic job satisfaction varies greatly through the person and occupational dimensions. Hence, the case studies here are not meant to identify the ‘determinants’ of positive HPWPs impact. The case studies will show that one can create positive HPWPs impact in a variety of manners. It is more a question of whether employers want to create this ‘win-win’ scenario through HPWPs.

Applying ‘Win-Win’ High Performance Work Practices in the Workplace: Two Case Studies

The two organisations now examined in this paper were part of a much bigger study commissioned by the Department of Trade and Industry (DTI) between 2004 and 2005 in which ten cases of HPWPs in different industrial sectors in the UK were gathered. These ten cases were deliberately chosen from highly ranked companies included in the ‘100 Best Companies (To Work For)’ survey in the UK in 2004. The advantages of using cases from the 100 Best Companies include the following:

1) Of the 500+ companies (522 in 2006) that enter voluntarily every year, less than 20% make it to the top 100. These 100 companies, and especially the top third, invariably excel in one or more of eight categories that reflect the exemplary workplaces that implement the type of ‘win-win’ high performance practices we discussed in previous sections.

2) In order to reflect the essence of the rating – namely the best workplaces – employees’ returns occupy 60% of the final score. These case studies therefore reflect the extent to which ‘employee-centredness’ has been the basis on which HPWPs have been implemented. Such ‘employee-centredness’, which is measured by eight categories also reflects the extent of intrinsic satisfaction. These eight categories are:
Leadership  Employees’ rating about the quality of the head of organisation and senior staff;

Wellbeing  Employees’ rating about stress, pressure and the balance between work and home responsibilities;

‘My manager’ Employees’ rating about their immediate/day-to-day line manager;

‘My team’ Employees’ rating about their immediate colleagues and teamwork;

‘Fair deal’ Employees’ rating about their pay and benefits;

‘Giving something back’ The extent to which employees feel that their organisation has given something back to society or the local community;

‘My company’ Employees’ rating about the ‘organisation’ for which they work as opposed to the people with whom they work;

Personal growth Employees’ rating about the extent to which they are provided with opportunities to learn and the extent to which they are challenged by their job.

Table 1 provides a descriptive profile of the two case studies. The two cases have been chosen such that we can use two very different industrial contexts – one in the legal profession and one in drinks manufacturing – to illustrate how intrinsic job satisfaction and HPWP practices may be implemented.

Table 1: Best 100 Companies Employee Rating for Pannone and Partners and for Bacardi & Martini

<table>
<thead>
<tr>
<th></th>
<th>Pannone and Partners</th>
<th>Bacardi and Martini</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual sales</td>
<td>£33.5m</td>
<td>£298.1m</td>
</tr>
<tr>
<td>Staff size</td>
<td>600</td>
<td>454</td>
</tr>
<tr>
<td>Males/female ratio</td>
<td>32:68</td>
<td>68:32</td>
</tr>
<tr>
<td>Under 35s/Over -55s</td>
<td>58% / 5%</td>
<td>47% / 8%</td>
</tr>
<tr>
<td>Staff turnover</td>
<td>5%</td>
<td>18%</td>
</tr>
<tr>
<td>Earning £35,000+</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>Typical job</td>
<td>Lawyer</td>
<td>Line operator</td>
</tr>
</tbody>
</table>

In the following case studies, the contextual details are derived from the 2004-5 interviews and many of the statistics came from the Sunday Times/Best 100 Companies published lists.

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2 The original research contains 10 case studies. For the rest of the case studies, please consult Sung and Ashton (2005).
Case Study One: Bacardi- Martini UK

Bacardi-Martini UK (referred to as Bacardi from here on) is a renowned and reputable drinks manufacturer with a turnover of around 300 million pounds. In 2004, Bacardi ranked overall 5th in the 100 Best Companies Survey. The privately-owned business located in Southampton, is part of a global organisation that is still family-run. It is acknowledged within its sector as being at the forefront inventor of the ‘ready-to-drink’ market, due to the success of their product Bacardi ‘Breezer’ which was one of the first of its kind in the 1990s.

The company has one of the strongest success rates with regard to the survey conducted by ‘The Sunday Times 100 Best Companies to Work For’, and it continues to be in the top 15 year on year. Indeed, the results from this survey indicate that the staff employed within Bacardi feel a real, explicit loyalty towards the firm, which was noted by 87% of workers feeling an immense level of pride in working for the organisation – the ‘My company’ score. As ‘My company’ is a basket of measures – e.g. recognition, fostering innovation and ideas, enjoying working for the company – this evidence suggests that employees who work for Bacardi experience a high level of intrinsic job satisfaction and, as a consequence, have a dedicated allegiance towards the firm.

One of the main factors that fuels their success, and continues to drive the company are the HPWPs that they employ and, more importantly, how they link these practices to managing change, innovation and the people culture. The people-focused culture has proved to be an important tool for the company’s adaptability and for innovation in the production process and the product market in which Bacardi operates. The particular people-driven performance culture is best reflected by Bacardi’s PACT values – Productivity, Accountability, Creativity and Teamwork.

PACT encapsulates everything that occurs on a daily basis at Bacardi and all staff are inducted into PACT when they first join the company. In addition, everyone is reminded constantly of the importance of PACT and how it adds to the success of the organisation. The supremacy of PACT is not taken lightly and it is not optional, since it also defines the behaviour among employees and how they work together as an organisation. In practice, PACT creates a set of standards and critical success factors, and everyone is measured against these regardless of who they are or what duties they carry out. The HR manager at Bacardi explains the operational importance of PACT as follows:

PACT means that we are an effective organisation, it means that we are a healthy organisation ... and if we are a healthy organisation your employment with us will continue ... so I think the message we are trying to send is that PACT is a really good way to run a business ... because it means that we have all got jobs ... we would like to make sure that you are looked after ... we want you to look forward to coming to work because actually you are going to be more productive ... and the two are very much linked.

The company readily recognises that its success will only continue if the staff are committed, loyal and happy in their work. Thus, Bacardi’s staff development approach is taken very seriously, and they go to great lengths to ensure that the family atmosphere is fused through the operations of the company. This approach and attitude may be linked to the fact that the business is still owned and operated by the Bacardi family. As a result Bacardi has introduced many benefits packages that promote family values. Examples of these benefits include free hot meals at the restaurant, private health care, life insurance, sports facilities, helplines and so on. All of these benefits are not only offered to the employee, but also the employee’s family members or live-in partners. Bacardi recognises the importance of these benefits and the way that they help to ensure that employees feel good about their working environment. In fact the evidence from employees suggests that 85% felt positive towards the ‘values and belief’ systems (PACT) that operate within the firm. The importance of family culture at Bacardi is explained further by the HR manager who adds:

3 See http://business.timesonline.co.uk/section/0,,12190,00.html and http://www.bestcompanies.co.uk/Index.aspx
We look at benefits that will be for the employees family as well as themselves. So when we talk about healthcare, we automatically cover their partner and their children ... and when we are looking at a helpline it is important that the family can use the helpline as well ... and many events that we do ... social events are all about family culture and that's what we have tried to create at work.

The value placed on the family culture is clearly linked to the success of the high staff involvement approach adopted by Bacardi. It is apparent that Bacardi has a high regard for both the organisational culture that has been adopted, and the staff who operate within it. Bacardi recognises that work plays a major role in its employees’ lives, and the company believes that by promoting family values and including employees’ family members in the organisation (via staff benefits) that they will win employee loyalty and retain staff that are happy to be associated with Bacardi. They also see that by linking performance to benefits they can safeguard jobs and add to the well-being of all staff and family members. The HR manager adds to this notion by stating:

I think if you were to ask employees here ‘is this a family culture?’, they would say ‘yes’ ... it is important to the business that people are feeling good that morale is good ... we want to have a family that is all working together as it is important for the future.

This information highlights that in Bacardi’s approach, enhanced intrinsic job satisfaction is concretely experienced through an explicit family culture, which is inclusive in coverage and extensive in kind. An additional example of Bacardi’s approach to family value and job satisfaction is its philosophy of flexible working and work-life balance. At Bacardi, flexible working is used to enable better work-life balance rather than for maximising output. This is particularly important since factory work in a drinks plant is not a highly-paid area for most workers. Thus, the concrete experience of intrinsic job satisfaction has to come from the quality of work and the resulting commitment among employees.

An additional HPWP relating to high staff involvement is the way in which Bacardi ensures that all employees are feeding back into the improvement process of the company. For example, the company has several ways of integrating staff attitudes and opinions back into the decision-making process. The first tool that they use to gauge staff ideas is the yearly ‘Employee Engagement Survey’. This anonymous survey was returned by over 90% of the employees. Its objective is to promote sharing of ideas and views on business direction, leadership, performance issues and strengths and weaknesses in relation to individuals’ jobs and processes. The information is then used to produce action plans and identify areas for improvement. The survey is so extensive that it does not simply cover work processes, it also provides employees with the opportunity to make other decisions. Bacardi explains that this is where the survey adds value to both the employees and the company:

The Employee Engagement Survey ... decides on what uniform people will wear ... what’s happening on the social event this year ... we have even changed policies as a result of suggestions.

The other survey that is used on a monthly basis is the ‘Morale Indicator’. The sole objective of this survey is to gauge the wellbeing of staff in relation to their morale and motivation levels. This ten-question survey is then fed back to management, to determine how employees feel about their work and the support that they are given. With both surveys and resulting changes, staff are aware of their involvement in the company improvement process. Workers see these instruments as a means of empowerment, feeling that their views are both listened to and acted upon, giving them a sense of belonging and empowerment.

Another philosophy that Bacardi promotes, which relates to staff involvement, is the leadership style that is adopted within the company. The chief executive has created many of the work practices and performance systems which function within the company. She has also been described by some of her employees as both ‘inspiring’ and ‘accessible’. It is evident from her approach that she values all her workers and their opinions, and this is recognised by the staff who work at Bacardi. It has been commented by staff that:
Our managing director is a very inspirational leader … in stature she is a very slight and small person, but in personality and charisma huge … and she is very visible within the business … if she is going to lunch she will usually sit with the fork-lift truck drivers … she will chat to them and say … ‘how’s it going?’ That’s one way of getting the message across … She [even] sends everybody a birthday card and a bottle of wine for their birthday.

The constant belief that senior staff should be closer to the front line staff has shown clear benefits, especially relating to staff attitudes, as demonstrated through the Best 100 Companies Survey. It promotes unity within the organisation, and all staff feel that their opinions are valued and taken seriously. Thus, appropriate practices can provide a real signal to the workforce and the employees appreciate that this is not the norm in other organisations.

Another positive attitude among employees at Bacardi is found in the areas of development and innovation. An example at Bacardi that illustrates this initiative is the ‘Agile Team’ and ‘Agile Thinking’ process. The concept of Agile is a form of lean production that examines methods to improve the operational process, by suggesting alternatives to improve efficiency and reduce waste. The Agile Team consists of a dedicated team of employees that work with every single department to identify areas of improvement. By doing this, the team is then able to involve all relevant staff in the whole process. Employees have recognised the value of Agile Thinking, not only in the improvements it has made to their jobs, but also as a means of improving the challenge involved in a job – avoiding the usual problem of a ‘routine’ production line job that it is boring and repetitive. As the HR manager comments:

By bringing Agile in, and reducing waste, we have empowered people to develop new roles and to develop new skills that allows them to do the new job and move forward … we have grown jobs.

Like many other manufacturing businesses, Bacardi was also threatened by the apparent need for ‘re-location’ in order to achieve cost advantages. However, safeguarding jobs at the Southampton plant was a priority when introducing innovative practices such as ‘Agile Thinking’. The aim of introducing ‘Agile’ was to create a competitive advantage through its employees such that off-shore plants may not present a better alternative to its current operation. It was therefore commented by senior staff:

One of the commitments that the operations manager gave when he joined the business he said – ‘we are going to go through a massive change’ [introducing ‘Agile’], but he promised that nobody would lose their job as a result of the change process - so that was a commitment he made.

‘Agile’ is a combination of lean production. As mentioned in our earlier discussion, the intention of introducing lean production is often for higher profitability. This tends to create suspicion among employees because of the potential for job losses. At Bacardi this was positively embraced by employees as a major strategy in safeguarding their jobs at the Southampton plant. The obvious question is why these employees perceive lean production so differently from other cases. The answer seems to be found in the way in which employees internalise their wellbeing and intrinsic job satisfaction. This subtle difference is a most important factor that differentiates the very fine line between HPWPs and work intensification and between enjoyable work and stress.

**Case Study Two: Pannone and Partners**

Pannone and Partners (referred to as Pannone from here on) which was first established in 1852, is a single site legal firm based in Manchester with a staff size of 600 and a turnover of 33.5 million pounds. In 2004, the legal profession was still subject to intense competition through major mergers and restructuring. While many legal firms in the north of England were having difficulties, Pannone was reported as being one of the fastest growing legal firms in the area, with a 20% growth in turnover and a 22% growth in profit. The success of the company is put down to the HPWP strategy that they have adopted, namely – ‘a balanced growth for competitive advantage’. This strategy means two things in particular for the workers at Pannone. Firstly, that they maintain their involvement in both commercial and private client sectors (whereas some of its competitors only opt for the more financially rewarding
but relatively more volatile commercial sector), and secondly, that the company retains and develops the people culture by retaining the single site strategy in Manchester (whereas other firms have opted to increase their market share by opening many offices in various cities across the UK).

From the 100 Best Companies Survey, the results show that ‘enjoyment’ is a fundamental aspect of working life at Pannone. 86% of workers stated that they had high levels of fun and wellbeing at work. In point of fact, this survey also indicated that 90% of employees would strongly recommended working for Pannone, which reveals that the company’s people-focused culture is not a cliché - a point reinforced by a very low level of staff turnover.

The company is presently managed by an energetic and highly-motivated partner who started off as a trainee 25 years ago, and who has overseen the growth of the workforce in the last 10 years from 250 employees to the current level. As a result, the survey rating on leadership for Pannone is particularly high – 85% of the employees think that their boss is full of energy, and 84% believe that her business judgement and decision making is always accurate. Employee satisfaction was also high. For example, Pannone gets the highest ranking of the 100 Best Companies, with 87% of employees being highly satisfied with pay and benefits (including free private health cover). Nevertheless, impressive statistics such as these hide an important point. Building a high performance environment is one thing, but creating a satisfied workforce is more important as a basis for sustained performance. This is a typical factor in the ‘win-win’ scenario.

Like the Bacardi case, the people-culture focus of Pannone – albeit these companies are very different from each other – is one of the winning factors. There is an underlying ethos that the firm should continue to grow and to grow as a ‘family’. Notice that, unlike Bacardi, Pannone is not a family firm. However, Pannone also strongly believes that the company should not expand at the expense of their employee’s welfare and quality of life. This is reflected in another statistic from the survey, that 72% of the employees are happy with their work-life balance. Indeed, the the HR director at Pannone identified this as unique in the legal sector:

> Everything we do … there is a recognition that everybody has a life outside work … and I do think that underlines everything that we do … the way we deal with everything here … so we don’t expect that everyone should make work their life … long term we would end up in a downward spiral that way.

Within this people culture approach the work-life balance is seen as the main strategy developed to promote this philosophy. This strategy has also been used as a tool to recruit the best and brightest law graduates in the field – recruitment is one of the most fiercely fought areas in the legal profession. Under normal circumstances, legal firms in the north of England have difficulties in attracting bright graduates compared with firms in London. Pannone, however, has no problems in attracting good candidates or retaining staff because of its work-life balance reputation. The Director of HR adds:

> We don’t have a problem with people wanting to leave because we offer a good working environment in the first place … Keeping staff here is hugely important … and we really hate it when people go … it doesn’t happen very often.

This background information illustrates the value that Pannone places on its workforce, and it clearly demonstrates they are aware of the benefits that looking after staff and keeping worker relations and morale high gives to the firm. Indeed the statistics indicate that the workforce agree with this notion as only 15% of staff had reported suffering from work-related stress in the past year. Also the statistics have shown that staff turnover is notably low at just 4.6%. All this evidence suggests that intrinsic job satisfaction at Pannone is likely to be high.

Another reason for Pannone’s success is the high involvement approach it takes concerning communication channels within the firm. Information and ideas are passed freely and openly via informal chats and internal notice boards. Partners and senior members of staff are always available to talk to staff and an open door policy is always encouraged to promote interaction. All these strategies are adopted to ensure that staff within Pannone feel as though they have a stake in what is happening. This, in turn, has promoted a cohesive and unified working environment, with 87% of employees stating
that they were satisfied with their job and the organisation as a whole. The Director of HR expands on the effectiveness of the free flowing organic communication channels by commenting that:

We recently had a partner join from another firm … during his induction he told us that we tell our secretaries more about the financial performance than he ever knew as an partner in his previous firm.

Closely linked to the high involvement approach, and the people culture ethos, is the management style and benefits that employees are entitled to at Pannone. Benefits that staff receive include free healthcare, free internet usage after office hours, unexpected prize giveaways, an active social club which arranges events such as drinking after work, days at the races and even skiing trips – Pannone’s social budget last year amounted to a total of £58,000. As well as these benefits, staff are entitled to £100 bonus if they do not take any sick days in a year, and £75 if they take less than three working days sick. The actual annual bonus offered to employees at Pannone is the equivalent of one week’s net salary. Although these benefits are actually of a relatively low monetary value, together they demonstrate a sense of people importance. It is this signal that matters most in enhancing intrinsic job satisfaction. Indeed, 86% of staff report that they are happy with both their pay and benefits packages.

In addition, when the company has a good year (e.g. exceeding targets) every member of staff is entitled to extra days off which adds to overall intrinsic job satisfaction philosophy that is constantly aimed for by the firm. The Director of HR supports this by noting:

The one thing that you cannot buy … the ability to have time back … its something that people value hugely … this is one of the ways in which we reward people … if something good happens here we do quite frequently give people days off.

Another practice adopted by Pannone is its constant drive towards innovation, which acts as a catalyst to support the growth of the organisation. Split or multi sites are thought to work against the intended organisational culture of Pannone. Therefore, in order to remain under ‘one-roof’, Pannone has developed its own IT software to enable employees to be able to manage, maintain and serve clients nationally via the internet in order to have a quality assurance audit trail. The Director of HR added to this by asserting that:

Clients want to be able to look at their files over the internet. They want to see what we’re doing almost at the time of our doing it. The clients demand incredibly high standards for reporting back to them – e.g. how often they have to be contacted, and what quality standards have to be adhered to. The software enables us to serve clients nationally without necessarily having local offices.

This innovation has insured that Pannone is able to offer the best possible service to their clients, and closely linked with this is the fact that they also have a family-focused work culture that has fused the overall collegiality within the firm. From Pannone’s perspective, and as witnessed by the 100 Best Companies survey of employees, Pannone has a committed and satisfied workforce with strong work-life balance. This has given the company a competitive advantage that ensures that employees can take full advantage of a high performance organisation. Their philosophy of working hard but at the same time maintaining employees’ job satisfaction means that a ‘win-win’ working environment is possible.

As we can see in these cases, working hard does not necessarily lead to job stress. Indeed, there is strong evidence of a ‘win-win’ dimension underpinning the introduction of HPWPs in both of these companies. Interestingly, we have seen that this was the case not only on a highly-paid “knowledge-led” company such as Pannone, but equally in a manufacturing company like Bacardi. For workers in Pannone, monetary benefits are less important than the ability to balance work-life effectively and to enjoy additional days off work when the company met targets. For workers in Bacardi, on the other hand, the extensive and generous additional benefits which were extended to their family members were a major plus in working for the organisation. All of these factors help to build the intrinsic satisfaction among these two workforces. Ultimately this leads to a two-way beneficial relationship in which both workers and organisation benefit from the effective use of HPWPs.
Ramsay et al’s diagrams clearly show that work stress and high performance working are two sides of the same coin. The processes involved – high involvement and high commitment practices – in the two models are very similar too. Indeed, when HPWPs are introduced for the wrong reasons – such as being considered a ‘quick fix’ – and are poorly perceived by employees as ‘extra work’ rather than something to gain from, they are likely to lead to organisational conflict, work stress and, potentially, exploitation. However, as these case studies demonstrate, what we do for intrinsic job satisfaction (namely what’s in it for the workers) while implementing HPWPs will make a world of difference between having a highly rewarding and challenging job experience, and one that is hugely stressful.

Conclusions

In this paper we sought to examine the current evidence about the impact of HPWPs on workers. We concluded that there are broadly speaking two sides of the debate – those that argue for the positive benefits of HPWP and those that emphasise the negative impact that these practices can have on employees, creating additional stress and dissatisfaction. Ramsay et al put forward a model in order to examine the likely impact of HPWPs on workers. However, we have argued here that this lacked a crucial element. In order to improve our understanding of how HPWPs can produce positive employee outcomes (as well as negative outcomes), we added the crucial element of intrinsic job satisfaction. By taking this aspect into account, we can go beyond the extrinsic factors such as salary to allow for the ways in which workers ‘buy into’ or opt out of these practices.

The case studies we have examined here have focused on the positive outcomes of HPWPs, focusing on what might be seen as two ‘ideal’ companies. Of course, these remain cases of possibility as there are many reasons for employers to take ‘short-cuts’ instead of the developmental routes seen in these cases. Such routes take great effort and a strong people emphasis, which may not be the focus of many companies. As such, work intensification is, indeed, a potential outcome for many organisations. This is particularly the case for those companies adopting these practices without building a reinforcing environment, which is sustained – rather than built – by these practices. In the 2004 Workplace Relations Survey, there is evidence that the majority of employers are still taking the ‘low road’ approach to performance (Guest and Conway, 2006), despite the continuous rise in the adoption of new work practices. This confirms many other recent ‘wellbeing’ studies. However, as we argue here, there is no reason to assume that HPWPs will automatically lead to work intensification and job stress. Paying attention to employees’ intrinsic job satisfaction will make a real and fundamental difference. Indeed, it is this distinction that qualifies for high performance work practices and not just the act of adopting any new work practices.
References


