

Lecture 2

High Commitment HRM and Best Practice



PHASE 1: Learning SHRM Through Theory

~~Week 1: An Intro to the module and a little on what we mean by Strategic HRM~~

This Week: What makes a good employer? (Best Practice)

Week 3: Shouldn't HRM be dependent on organisational needs? (Best Fit)

Week 4: What external forces influence HRM?

Week 5: What do HR functions and departments actually look like?

Week 6: HR and ethics – people are problematic

REMINDER: YOUR TASK FOR THIS WEEK (mentioned in Seminar One)

Have a look at the following website:
<https://www.b.co.uk/the-lists/mid-companies/>

The “100 Best” lists are created each year, but the judging criteria are rather curious.

They created an 8-Factor list of employee engagement criteria (<https://www.b.co.uk/factors/>). Look at it.

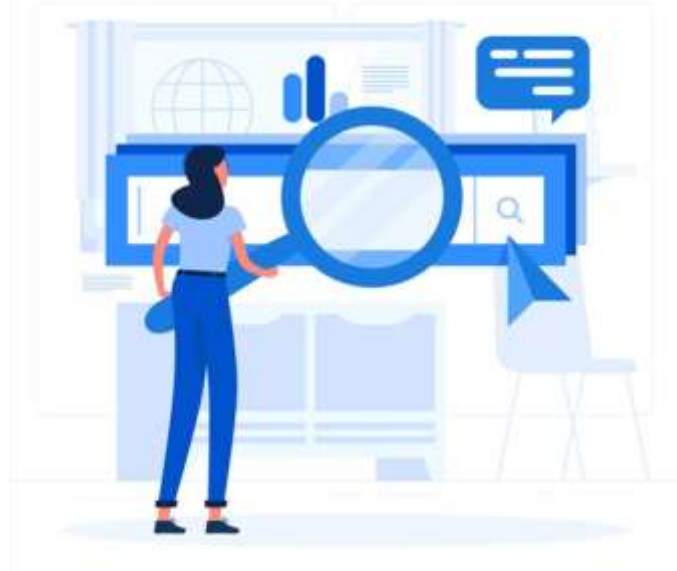
Do some research into your organisation (or one on their own lists), and note down how you think they would map on the criteria. Bring it (electronically) to next seminar.



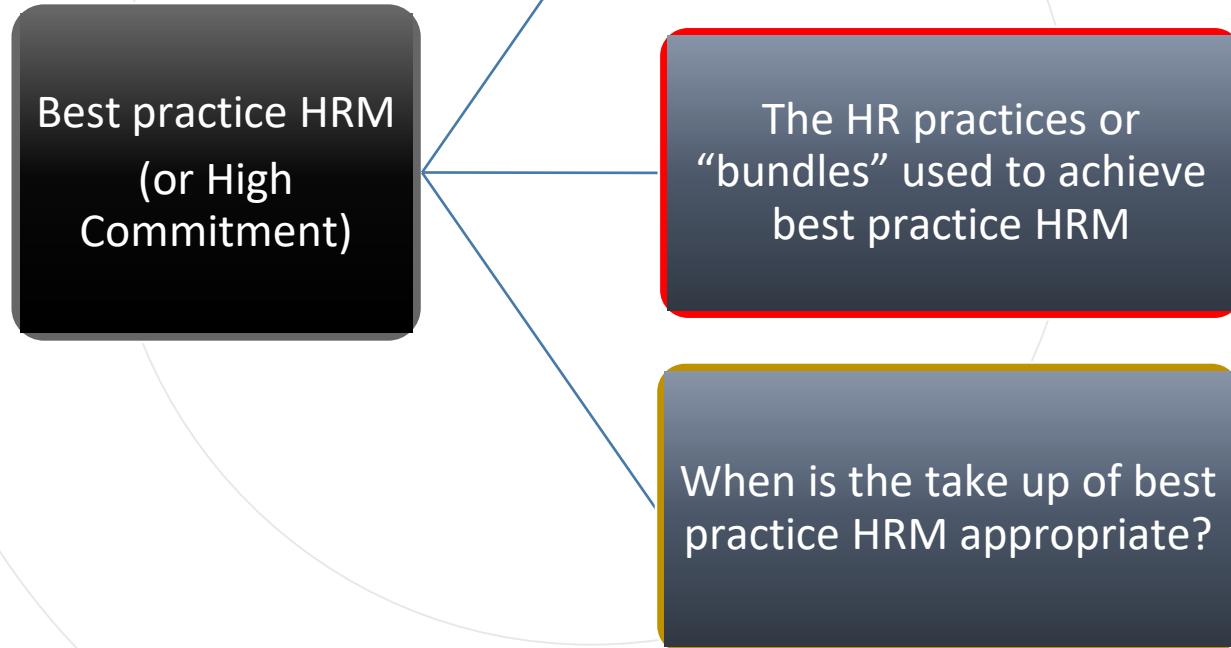
If you haven't studied HRM before, then the following lecture is a good way to summarise key areas which exist and that you can look at.

These are all areas with articles which you can access on Personnel Today, People Management, CIPD, and Bath Spa Library.

All of our HRM textbooks are useful too.



This week, we will be exploring the following




Best practice HRM
(or High
Commitment)

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graph LR; A[Best practice HRM (or High Commitment)] --- B[Definitions]; A --- C[The HR practices or "bundles" used to achieve best practice HRM]; A --- D[When is the take up of best practice HRM appropriate?];
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Definitions

The HR practices or
“bundles” used to achieve
best practice HRM

When is the take up of best
practice HRM appropriate?

An overhead, top-down view of a business meeting. Several people are seated around a dark table, looking at various documents and papers. The scene is dimly lit, with a blueish-grey color cast. The text is overlaid in the center of the image.

What if there was one approach to
managing people
which would be successful
ANYWHERE?

Best Practice HRM – It's The Perspective That...

- There is 'one best way' of managing human resources in order to improve business performance. (*Beardwell & Thompson, 2014: 9*)
- best practice will always produce superior results whatever the circumstances (*Pfeffer 1994, 1998; Huselid, 1995*)
- “A high commitment model (sometimes referred to as a high involvement or a high performance model) – is related to high organisational performance in all contexts, irrespective of the particular competitive strategy of the organisation.” (*Torrington et al, 2017: 71*)

* Also known as high commitment HRM, high commitment management (HCM), high performance work systems, high involvement, or universalism

**“BEST PRACTICE
HRM”**

“UNIVERSALISM”

**ALL OF THESE
ARE PRETTY
MUCH THE
SAME THING.**

**“HIGH PERFORMANCE
WORK SYSTEMS”**

**“HIGH COMMITMENT
HRM”**

“HIGH INVOLVEMENT HRM”

It relies on the idea that success comes from having committed and **engaged employees** (hence the name High Commitment HRM)



Employee engagement is a bit of an umbrella term – people describe it differently.

The most prevalent definition was set by Kahn (1990) in the Academy of Management Journal. He describes it as:

PHYSICAL ENGAGEMENT

COGNITIVE ENGAGEMENT

EMOTIONAL ENGAGEMENT

© Academy of Management Journal
1990, Vol. 33, No. 4, 692-724.

PSYCHOLOGICAL CONDITIONS OF PERSONAL ENGAGEMENT AND DISENGAGEMENT AT WORK

WILLIAM A. KAHN
Boston University

This study began with the premise that people can use varying degrees of their selves, physically, cognitively, and emotionally, in work role performances, which has implications for both their work and experiences. Two qualitative, theory-generating studies of summer camp counselors and members of an architecture firm were conducted to explore the conditions at work in which people personally engage, or express and employ their personal selves, and disengage, or withdraw and defend their personal selves. This article describes and illustrates three psychological conditions—meaningfulness, safety, and availability—and their individual and contextual sources. These psychological conditions are linked to existing theoretical concepts, and directions for future research are described.

People occupy roles at work; they are the occupants of the houses that roles provide. These events are relatively well understood; researchers have focused on "role sending" and "receiving" (Katz & Kahn, 1978), role sets (Merton, 1957), role taking and socialization (Van Maanen, 1976), and on how people and their roles shape each other (Graen, 1976). Researchers have given less attention to how people occupy roles to varying degrees—to how

Other ways Employee Engagement is measured...

1) Intellectual engagement
(thinking about work and how to improve)



2) Social engagement
(discussing improvement with others)



3) Affective engagement
(feeling positively about doing well)



This is the ISA
Engagement Scale
(many papers on this, but the CIPD
also has a page).

Other ways Employee Engagement is measured...

1) VIGOR

High levels of mental resilience and energy



2) DEDICATION

Feeling significance, enthusiasm and pride



3) ABSORPTION

Full engrossment in work



These are the three dimensions of the Utrecht Work Engagement Scale. There were questionnaires with 17 items, then 9 items, and now just 3.

(Schaufeli et al, 2019)

These might come in handy if you do your group consulting project *or* your dissertation on employee engagement.

(this happens fairly OFTEN.)



So, HOW do you get employees to be engaged?



Gaining employee engagement through high commitment HRM

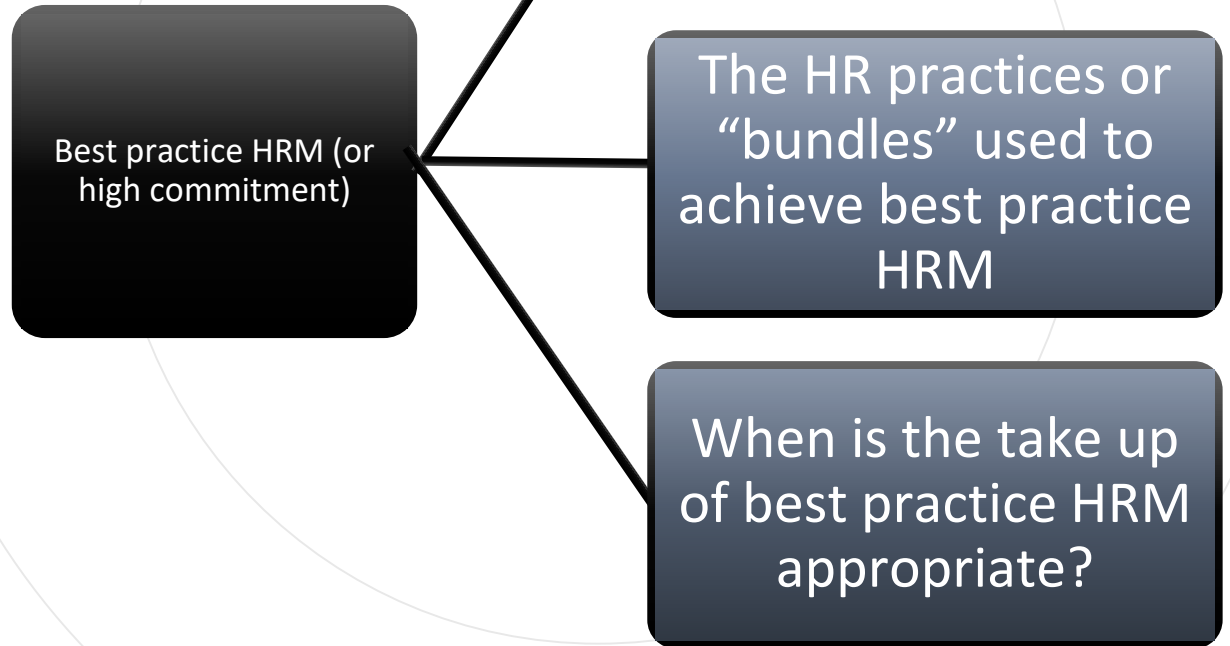
- “winning employee commitment to the organisation’s goals through positive incentives and **identification with the company culture** rather than trying to control their behaviour through routine, short-cycle jobs and direct supervision (*Walton, 1985*)
- “The employer seeks a close relationship with the employees. The employees become **psychologically or emotionally involved** with the organisation.” (*Leopold et al 2005:28*)



As you've probably noticed, this is very much aligned with Soft HRM over Hard HRM.

This leads us to the “Bundle” of best practices which supposedly garner high commitment (and hence engagement)...

This week, we will be exploring the following questions



If you use this in your assignment,
don't try to write in depth about everything
in the bundle.

Pick the items which you feel give you the best
chance of writing well.

Pfeffer's original list is fine.

What is included in the “bundle” as key aspects of best practice HRM?

Jeffrey Pfeffer (1998) developed the first list of seven best practices in an article for the California Management Review.

Can you guess what the practices might be?



The image shows the cover of the book 'Seven Practices of Successful Organizations' by Jeffrey Pfeffer. The title is in a bold, sans-serif font, and the author's name is at the bottom. Below the title, there is a short introductory paragraph starting with a large 'E'.

Seven Practices of Successful Organizations

Jeffrey Pfeffer

Effectively management of people can produce substantially enhanced economic performance. A plethora of terms have been used to describe such management practices: high commitment, high performance, high involvement, and so forth. I use these terms interchangeably, as they all tap similar ideas about how to obtain profits through people. I extract from the various studies, related literature, and personal observation and experience a set of seven dimensions that seem to characterize most if not all of the systems producing profits through people.

What is included in the “bundle” as key aspects of best practice HRM?

1. Employment Security
2. Selective Hiring
3. Self-managed Teams and Team working
4. High Pay contingent on Performance
5. Training
6. Reduction of Status Differentials
7. Sharing Information

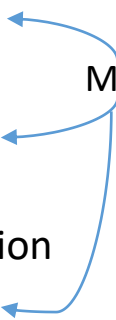
Jeffrey Pfeffer’s (1998) List

[https://books.google.ae/books?hl=en&lr=&id=Bkt3bbGFYQsC&oi=fnd&pg=PA224&dq=Seven+practices+of+successful+organization+Jeffrey+Pfeffer+\(1998\)&ots=yiaKZZ-5oc&sig=sbWtozzUogb_--FbNT4lc8dAzkk&redir_esc=y#v=onepage&q=Seven%20practices%20of%20successful%20organization%20Jeffrey%20Pfeffer%20\(1998\)&f=false](https://books.google.ae/books?hl=en&lr=&id=Bkt3bbGFYQsC&oi=fnd&pg=PA224&dq=Seven+practices+of+successful+organization+Jeffrey+Pfeffer+(1998)&ots=yiaKZZ-5oc&sig=sbWtozzUogb_--FbNT4lc8dAzkk&redir_esc=y#v=onepage&q=Seven%20practices%20of%20successful%20organization%20Jeffrey%20Pfeffer%20(1998)&f=false)

What is included in the “bundle” as key aspects of best practice HRM?

1. Employment security and internal labour markets
2. Selective hiring and sophisticated selection
3. Extensive training, learning and development
4. Employee involvement and participation: worker voice
5. Self managed teams/team-working
6. Higher than average pay and performance related pay*
7. Performance review, appraisal and career development
8. Reduction of status differences/harmonisation
9. Work life balance

Marchington et al's (2016) altered list



Or for this session, let's think of it this way...

"My job's secure"

"Hire the right people"

"Let people learn and develop"

"I have a say in things"

"We manage ourselves"

"Pay me more than the average person"

"Review my performance"

"Equality"

"Give me fair hours"

← Marchington's addition

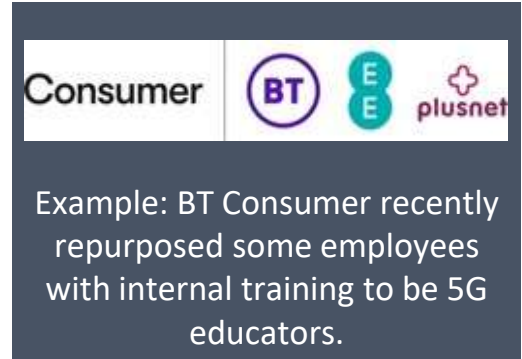


**We'll go through each one of
the practices, why it matters for
commitment,
and some good resources that
you can use.**

1. Employment security and internal labour markets (opportunities to progress)

- Without security and career development, you cannot gain commitment, ideas and work
- A positive psychological contract (expectations about your job) results in an open and trusting relationship (*Johnson et al, 2009*) and insecurity has a negative impact on performance (*Ji et al, 2014*)
- “Layoffs put important strategic assets on the street for the competition to employ” (Pfeffer, 1998: 98)

WHAT YOU CAN LOOK AT: What is the labour market like, does the organization hire internally rather than externally, how lean are they, do they have a lot of layoffs and furloughs?



1. Employment security and internal labour markets continued ...

In 2020 there are large differences between different countries' unemployment and use of job retention

(<http://www.oecd.org/employment-outlook/2020/#country-data>)

Cultural Dimensions – cultures with higher uncertainty avoidance have a stronger connection between job insecurity and the intention to turnover (leave a job) (*Sender et al, 2017*)

Zero hour contracts have increased, particularly in hospitality and retail, and the worst hit group are 16 – 24 year olds. Zero hour contracts represent 3.2% of the workforce. (*ONS, 2020*).



"We can't offer a pension or job security,
but you get a more prestigious email address."



1. So how can you improve job security?

During the last global financial crisis many examples of alternatives to redundancy:

- Overall reduction in working hours
- Reductions in wages, unpaid sabbaticals
- Recruitment freezes, e.g. Wiltshire Council
- 12% of employers reduced working hours to avoid redundancies; 44% of employers believe organisations were too quick to make redundancies thereby losing vital skills/knowledge
(CIPD, 2011:22-23)

Analysing an organisation's approach:

- Does the organisation fill vacancies internally and provide opportunities for promotion?
- Has the organisation made compulsory or voluntary redundancies in the last 3 years? (Guest, 2003)
- Does the organisation employ temporary staff to protect core staff? e.g. Toyota



**If you're interested in
job security by
sector, then look at
these.**

Office for National Statistics
Release calendar | [Met](#)

Home | [Business, industry and trade](#) | [Economy](#) | **[Employment and labour market](#)** | [People, population and communities](#)

Search for a keyword(s) or time series ID

Home > [Employment and labour market](#)

Employment and labour market

People in and out of work covering employment, unemployment, types of work, earnings, working patterns and workplace disputes.

In this section

- [People in work](#)
- [People not in work](#)



2. Selective Hiring and Sophisticated Selection

“Organizations should screen primarily on important attributes that are difficult to change through training and should emphasize qualities that actually differentiate among those in the applicant pool” (Pfeffer, 1998:101)

Not just focused on technical skills, but also social, interpersonal and team working. Emphasise attitudes as well as skills (*Pilbeam & Corbridge, 2010:44*).

Examples?: Similar pattern to previous years; most popular selection methods are competency based interviews (78%) and interviews based on the contents of CVs/application forms (74%). Tests used by 53-23% of organisations. Assessment Centres by 39% of organisations (*CIPD, 2017*).

WHAT YOU CAN LOOK AT: What recruitment and selection methods are being used? Are they reliable and valid (accurately targeting/measuring what you need)?

The winner of the 2019 Personnel Today award for Innovative Recruitment was The Defence & Science Technology Laboratory.



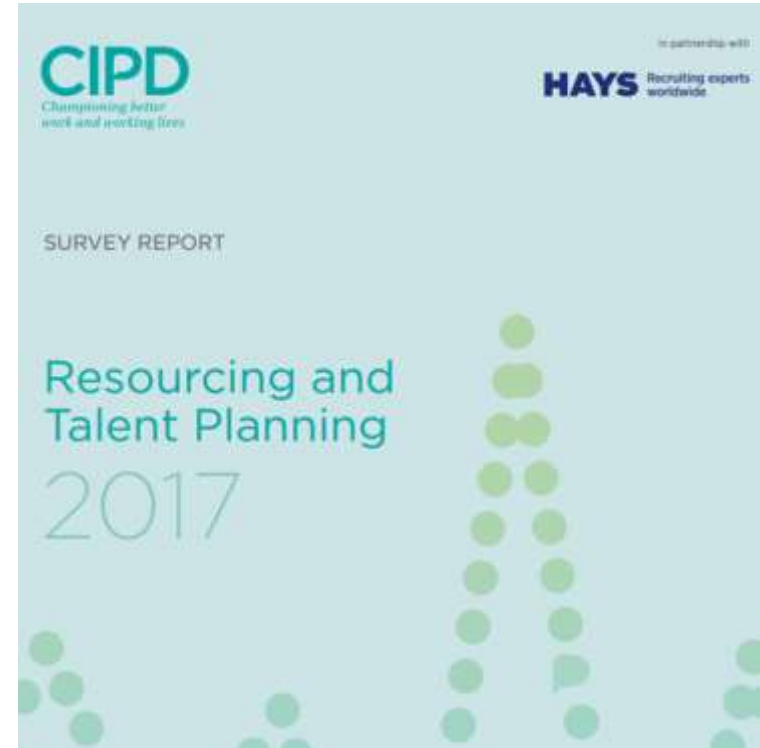
They created an online decision-based game for applicants to test how they prioritised resources.

BUT... they also created a subtle opportunity for applicants to hack the leader board so see who had the skills and drive to do so!

If **you're** interested in
being critical about
recruitment and
selection techniques,
try this academic
journal...



If you want some good data on how UK businesses were branding themselves as employers, recruiting, and selecting before 2020, try this...



3. Self managed teams and team work

Identified by some organisations as a fundamental component to success

Advantages – pools ideas, better decisions and identifies creative solutions, leads to greater job satisfaction (Pfeffer, 1998).

Disadvantages – intrusive, difficult to implement, stressful, strengthens management control – gives the impression of control without power or influence.

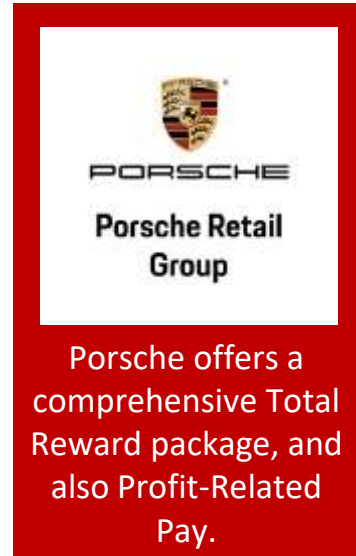
You could also question all of the possible dysfunctions of teamwork and dysfunctional emergent leaders.



4. Higher than average pay and performance related pay

Higher than average reward & PRP – shows employees that they deserve to be rewarded for superior performance, but must be higher levels than comparable workers (*Pfeffer, 1998*)

Despite criticism of PRP in the UK, it can also be adapted to an entire benefits package not just cash (what we call Total Reward), or to a department, team and department wide, not just individual.



WHAT YOU CAN LOOK AT: How are employees paid? What are their rewards for performing well? How is their performance appraised?

4. Performance Review, Appraisal and Career Development

Key to define performance expectations, targets and incentives

Starts at induction, continues with regular meetings to review performance, identifying training needs and/or support

Formal evaluation at appraisal meetings – the outcomes of the review meetings are aligned to the business strategy

An increase in the use of performance appraisal for non-managers, carried out for at least some non-managers in ___%, up from 43% in 2004 (*WERS, 2011: 25*)

- Research shows that it has a significant impact on performance (*West & Guest, 2002*), role of line manager is key
- **Critics** – cite subjectivity and bias, different purposes.

5. Extensive Training, Learning & Development

Most widely quoted and important aspect of a high commitment HRM approach, it is “central” for the “core employees” (Pilbeam & Corbridge, 2010:44)

“These systems rely on front-line employee skill and initiative to identify and resolve problems, initiate changes in work methods, and to take responsibility for quality.” (Pfeffer, 1998:112)

WHAT YOU CAN LOOK AT: Training days, training methods, proportion of workers trained? How do people learn to do their jobs?



Trends in Training, Learning & Development

- Measurements ignore relevance, quality, focus and delivery. 20% of organisations provide no training at all to any employees (*WERS, 2011:36*)
- Trends show that since 2004, more employees receive training but it's shorter; employee satisfaction with training has increased. Where training has been reduced, satisfaction levels are lower (*WERS, 2011:36*).



**If you want to be critical
about training and
learning methods, try
this journal...**

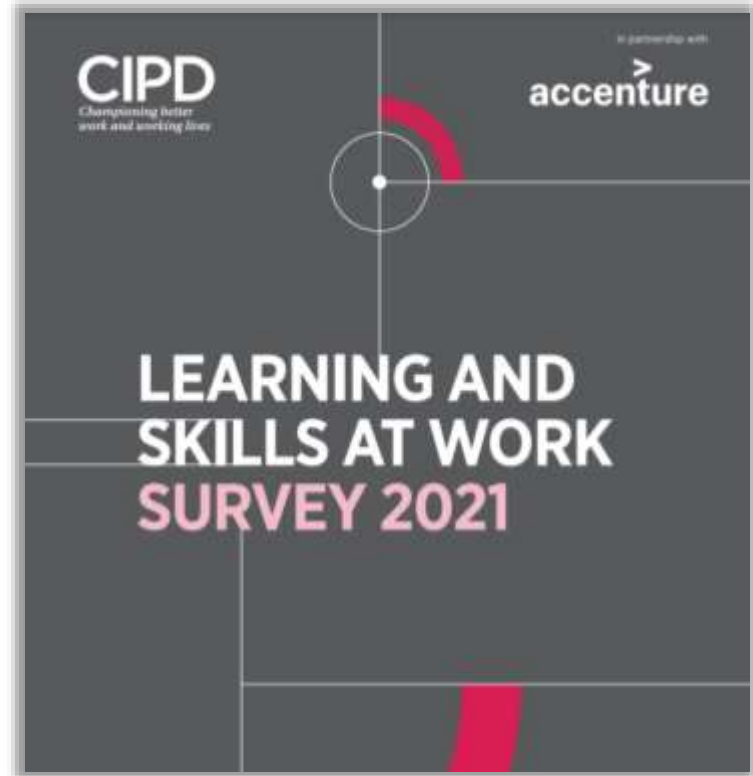


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**If you want
data on UK
training and
learning
methods in
2021, try this
report...**



6. Reduction of status differences/harmonisation

- **Gives a signal** – all employees valued and treated the same
- **Identified by** – harmonised terms & conditions, e.g. holidays, pensions, working hours. Shared canteens, car parks, share ownership schemes, similar forms of dress, e.g. uniforms at Nissan.
- _____% harmonised holiday entitlements and half committed to single status (*Guest et al, 2000*)
- Established link between high job satisfaction (*Macky and Boxall, 2007*)
- Early advocates of HCHRM suggested 7:1 ratio of top to bottom earners, can be as high as 100:1, more with share options, pensions, severance. Some sectors and professions larger differentials, e.g. footballers, investment bankers. Hutton Review in the UK, recommends 20:1 in the public sector (*cited in Marchington et al, 2016: 68-9*)



7. Employee involvement and participation (EIP) and the worker voice

Worker voice gives an opportunity to air grievance (with protection), make suggestions and contributes to management decision making

Open communication conveys “a symbolic and substantive message that they are trusted”. It also gives some legitimacy for management decisions.

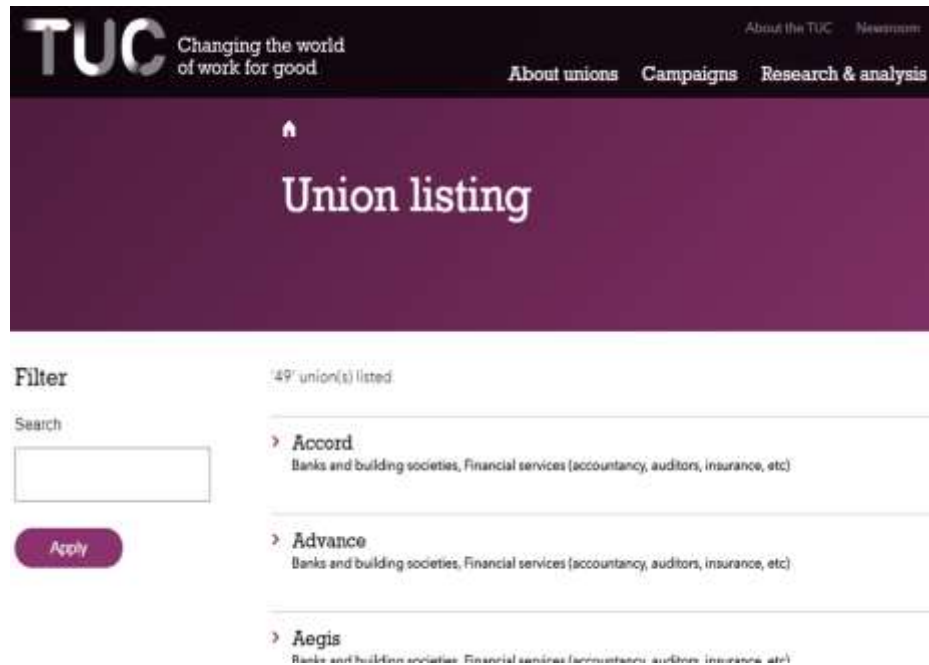
- Employee voice is a stronger driver of engagement (*Alfes et al, 2010:2*)
- Just 34% employees are ‘vocally-involved’, i.e. perceive their work as meaningful and have opportunities to voice their views – the category in which they are most engaged (*Alfes et al, 2010:2*)



Hobbycraft holds out of hours team meetings where they discuss business developments while doing crafts together.

**You could look up
whether an
organisation
recognises Trade
Unions.**

**There's a list of TUs on
this website...**



The screenshot shows the TUC website's 'Union listing' page. The header features the TUC logo and the tagline 'Changing the world of work for good'. Navigation links include 'About unions', 'Campaigns', and 'Research & analysis'. The main heading is 'Union listing'. A 'Filter' section includes a search box and an 'Apply' button. The results show '49' union(s) listed' with three entries: 'Accord', 'Advance', and 'Aegis', each with a description: 'Banks and building societies, Financial services (accountancy, auditors, insurance, etc)'.

TUC Changing the world of work for good

About the TUC | Newsroom

About unions | Campaigns | Research & analysis

Union listing

Filter

Search

Apply

49' union(s) listed

- > **Accord**
Banks and building societies, Financial services (accountancy, auditors, insurance, etc)
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Banks and building societies, Financial services (accountancy, auditors, insurance, etc)
- > **Aegis**
Banks and building societies, Financial services (accountancy, auditors, insurance, etc)



Looking for theory?

You will find plenty of articles on “Employee Voice” on Bath Spa Library.

But....it’s definitely worth looking at “Employee Silence” as well.



What Marchington et al (2016) added: Work-Life Balance

For both **business interest** (attract employees and strengthen the employer brand) and for **legal requirements**. Research indicates this is particularly important to younger workers (Gen Y).

Flexible working arrangements include reduced hours, flexi-time, homeworking, compressed hours, job share, term time (see *WERS, 2011: 32-33*). Also nursery provision, and enhanced maternity/paternity leave.



What Marchington et al (2016) added: Work-Life Balance

Constraints – incompatibility with the type of work (53%) and puts pressure on others (30%). SMEs more likely to report no constraints than large private sector employers (31% and 22% respectively) (WERS, 2011: 32-33).

Does the organisation go beyond statutory levels?

WERS – 76% of managers feel it is the employees responsibility to balance their own work and family responsibilities (an increase of 10% from 2004) (2011:33).



There are serious health implications for overworking in general. The WHO conducted a study on this across 183 countries.

But....does flexible working really reduce this?

Forbes

EDITORS' PICK | May 18, 2021, 06:49am EDT | 6,042 views

World Health Organization Survey Shows Working Long Hours Led To The Death Of 745,000 People

“The problem is, according to a study by the World Health Organization (WHO) and the International Labour Organization (ILO), “Long working hours led to 745,000 deaths from stroke and ischemic heart disease in 2016, a 29% increase since 2000.” The substantial number of strokes and heart disease resulted from working “at least 55 hours a week.” ”

Flexible Working Arrangements in the spotlight...


- There aren't clear ties between flexible working and increased effort.
- Avgoustaki (2019; 2016) has even suggested that FWAs (regardless of employee or employer focus) have negative associations with effort.
- However, Chen and Fulmer (2018) found that the perception that FWAs were available (their availability) did increase job satisfaction and commitment.
- De Menezes and Kelliher (2017) say that it depends on whether the FWA is a formal policy (-ve) or something that the manager informally discussed with them (+ve).
- Perhaps there is a solution which brings together these insights, but I'd rather you thought of it!



Flexible Working Arrangements in the spotlight...

- Atkinson (2016) – ongoing manager support is important for a positive FWA application experience.
- It's really not clear-cut, and the benefits of FWAs to corporate performance differ from workplace to workplace (Whyman et al, 2015).
- Rubery et al (2016) have written about multiple hidden costs for the organization and the economy because of FWAs – i.e. welfare claims, workforce diversity, productivity, age discrimination, and other even inequalities in what Trade Unions push for.





Why are all of these practices necessary?



Employment Security



Selective Hiring



Self-managed Teams and Teamworking



High Pay contingent on Performance



Training



Reduction of Status Differentials



Sharing Information

HR practices working together

Appelbaum et al (2000); AMO theory:

- **Ability (A)** – employees must have the ability and necessary knowledge and skills, including the ability to work with other people
- **Motivation (M)** – employees must be motivated to work and want to do well
- **Opportunity (O)** – employees must be given the opportunity to deploy their skills, contribute to the team/department and organisation success.

Which of HR practices enable AMO to be achieved? We'll be concentrating on these areas in the seminar as a best practice HRM method developed by Appelbaum (2000) and later developed by Purcell et al (2003)

This week, we will be exploring the following
....

Best Practice or
High Commitment
HRM

Definitions

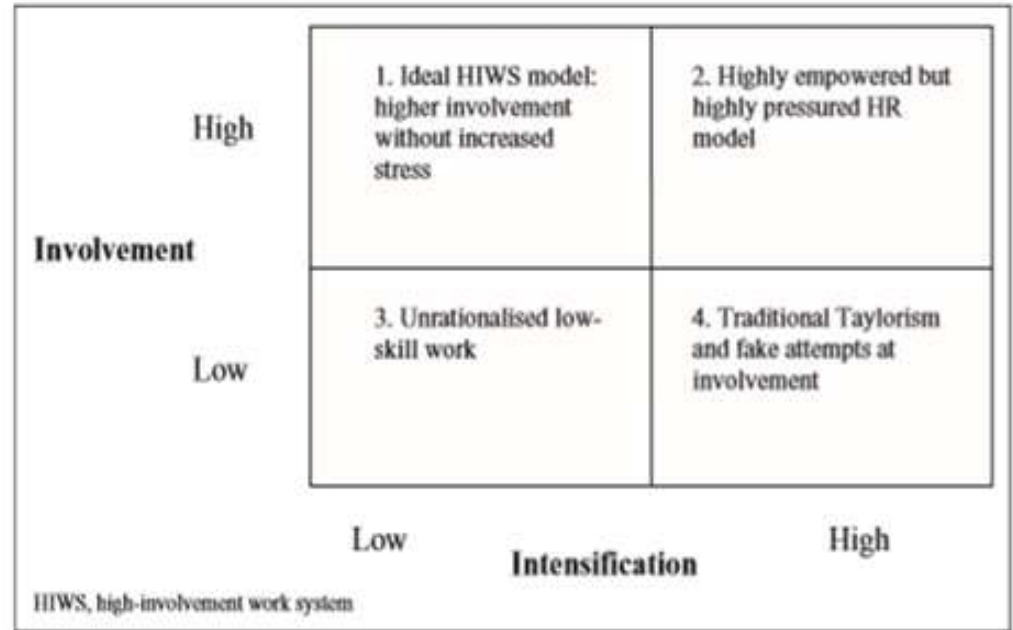
The HR practices or
“bundles” used to achieve
best practice HRM

When is the take up of best
practice HRM appropriate?

Suddenly “Best practice” isn’t universal...

How the practices are delivered varies.

"It is our contention...that attempts to define solely through identifying a set of practices are fundamentally flawed....there is the problem that data which **does not account for variations in how the same practice is implemented** can never be totally trustworthy." (Boxall & Macky, 2009:7)



(Boxall & Macky; 2009:14)

Maybe none of it works if people aren't intrinsically motivated already.

(intrinsic motivation = finding pleasure and satisfaction in the job)

(Kuvaas and Dysvik, 2010)



Marchington & Grugulis (2000) conclude that high commitment HRM is more likely where employers have:

1. **Long-term perspectives and future market growth** – not hiring just for immediate needs, high spending on learning and development and retention of staff during downturns
2. **When labour costs are low relatively** – more appropriate for capital intensive organisations, e.g. pharmaceuticals. Staff are highly skilled and their skills are highly specific. Less appropriate for relatively high labour cost industries, e.g. hospitality
3. **When workers can be rewarded for using their discretion** – e.g. in product quality or high levels of customer service. Less likely for workers where training is quick and their skills are in plentiful supply
4. **When organizations and workers are in a strong market position** – when of supply of labor is plentiful and where organizations are working to tight margins, e.g. care, less likely and high commitment is too expensive.



'Best practice' human resource management: perfect opportunity or dangerous illusion?

Mick Marchington and Irena Grugulis

Abstract. In recent years there has been a considerable degree of interest in the notion of 'best practice' HRM, inspired at least in part by the work of Jeffrey Pfeffer. Along with other contributions from the UK and the USA, this has resulted in assertions that a particular bundle of HR practices can increase profits irrespective of organizational, industrial, or national context. In this paper, we focus on the way in which HRM is characterized in these writings, querying whether the practices which are typically assumed and put forward as 'good' may not appear quite so beneficial to workers when analysed more systematically. It is suggested that there are a number of problems with the notion of 'best practice', both in relation to the meaning of specific practices, and their consistency with each other, and the claims that this version of HRM is universally applicable. The unitarist underpinnings of this literature are also exposed. This is not to argue that HR policies and practices do not influence organizational performance but, rather, that we cannot determine this from the current literature. The 'best practice' conclusions may be attractive but the jury is still out.

Keywords Human resource management; 'best practice'; unitarism; performance.

Introduction

In recent years, there has been a considerable degree of interest in the notion of 'best practice' human resource management (HRM), inspired, at least in part, by the work of Jeffrey Pfeffer (1994, 1998). In two of his recent books, *Commitment: Advancing the Ethical*

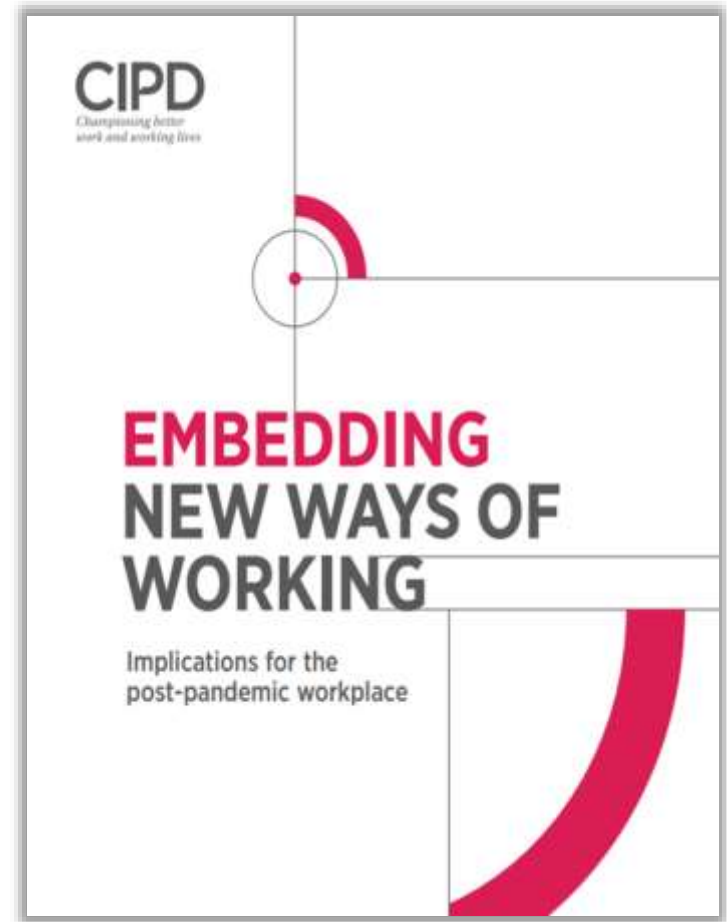
Overall considering these factors, high commitment HRM is ...

- Dependent on sector, type of firm and country in which organisation located.
- More common in larger organisations but smaller firms are more likely to operate highly informal and flexible ways to retain their more valued staff.
- More common in the **public sector**, except for personality tests and incentive pay systems. But public sector tend to be larger, with formalised policies.
- Dependent on how the practices are actually delivered.
- Differing internationally – e.g. all combined practices unlikely in the US, Netherlands very likely.

And....let's not forget what 2020 is doing to workplaces (employment, working from home, creating safe offices, being mindful of wellbeing).

How can businesses put employee commitment first when their lifecycle matters?

NEXT WEEK: BEST FIT





Thanks!

Any questions?