

Chapter 7

High Performance Work System: A Competitive Advantage Chronicle for Management

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ABSTRACT

A modern management strategy called a High-Performance Work System (HPWS) seeks to maximise an organization's human potential and skills to improve performance. This management paradigm breaks from conventional, hierarchical management techniques. The salient characteristics and guiding ideas of high-performance work systems are employee centricity, teamwork, regular performance improvement, flexibility, customer focus, strategic alignment, performance-based compensation and information sharing, to name a few. HPWS is associated with the idea that organizations can gain a competitive advantage (Alkhatib & Valeri, 2022) by creating a work environment where employees are engaged, motivated, and productive. This new era of management acknowledges that traditional top-down, command-and-control structures may not be as effective in today's dynamic and knowledge-based economy. Implementing a High-Performance Work System involves a holistic approach with the ultimate goal of achieving superior organizational performance and competitiveness.

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1. INTRODUCTION

The goal of determining which HRM practices, when combined, will result in higher levels of overall organisational performance has received a great deal of attention from researchers in the field of human resource management (HRM) literature over the course of the previous three decades (Messersmith and Guthrie, 2010).

According to findings from studies on strategic human resource management (SHRM), high-performance work systems (HPWS) make businesses more efficient and help them achieve a fundamental competitive advantage (Bowen and Ostroff, 2004; Takeuchi et al., 2007; Liao et al., 2009). The term “High Performance Work Systems” (HPWS) refers to a collection of HR practices that are internally consistent and coherent and are intended to foster employee competence, motivation, and commitment (Datta et al., 2005). The phrase HPWS was coined by the Society for Human Resource Management (1987). In point of fact, it is anticipated that this kind of system will improve the “skills,” “motivation,” and “opportunities” of workers, allowing them to perform their jobs more efficiently (Appelbaum et al., 2000). Research has also proved, role of HPWS in initiating the entrepreneurial environment and creativity among employees (Shahriari, 2021). The implementation of HPWS practices results in increased levels of employee involvement, commitment, and productivity, which in turn motivates employees to work harder and more effectively (Farrukh et al., 2020). HPWS will generate an atmosphere of trust, resulting in an increased sense of justice among employees (Doty, 1996). All the above researched and proven traits are great for any organization, especially the market intelligence of firms as it has result focused approach. Thus, HPWS has garnered significant scholarly attention in the business sector (Boxall, 2012; Combs et al., 2006; Huselid & Becker, 1995; Macduffie, 1995; Shih et al., 2006; Takeuchi et al., 2007).

If one looks more closely at HRM research, they will find that most studies that look into how HPWS affects employee engagement and organisational (Huselid, 1995; Zacharatos et al., 2005). This creates a need for more research on HPWS in other industries. Additionally, HPWS may not always be a “win-win” situation for both employers and employees (Kloutsiniotis, 2021).

The flow of this chapter will take the reader through the introduction of HPWS, its importance and evolution, the practices associated with it in different industries and its implementation. The Goal of this chapter is to understand HPWS and its impact on employee engagement, how its implementation can impact the market intelligence of any Business, Society and Academic Literature.

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