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**Introduction**

There is a wide interest among practitioners (managers) and policy makers in identifying Human Resource Management (HRM) practices that will yield favourable firm level outcomes and employee behaviours, what follows a stream of academic writing suggesting that a properly designed HRM system represents a substantial economic asset and improves employees’ experience of work creating a ‘win-win’ outcome. However, the evidence on how such a system creates these outcomes is thin. Apart from methodological problems haunting previous, predominantly positivistic, quantitative research, this is partially due to the limited amount of studies that take into account employees’ perceptions of working within High Performance Work Organisations (HPWO). While a number of studies have investigated the relationship between ‘best HR practices’ and improved organisational performance, outcomes from the perspective of employees have received little attention. Few studies have explicitly incorporated employees’ attitudes as a key mediator in the relationship between High Performance Work Practices (HPWP) and organisational performance and even fewer focused on the link between HPWP and employee outcomes viewed as an end in themselves rather than a means to an end.

The academic debate on the extent to which HPWS can be regarded as mutually beneficial to both organisations and their employees has been dominated by two opposite streams. Both agree that performance gains from HPWS are mediated by employees however proponents suggest that HPWS operate voluntarily through enhanced employee autonomy, job satisfaction and commitment while critics regard the model to be a ‘management by stress’ and work intensification technique. However, this debate between advocates and critics reflects mainly their ideological and theoretical positions (Harley 2005) as there is only a limited amount of rigorous empirical research that would allow judgment on those competing claims. In particular, the voice of the employees seems to be rather silent in the above debate
as both proponents and critics tended to treat employees in an instrumental way as ‘discursive objects’ (Grant and Shields 2002) and ignored their verdict on HPWS.

Adopting critical realist approach to agency and structure this paper aims to explore the application of the HPWS model in two financial sector companies operating in UK and shed light on employees’ outcome in the form of organisational commitment. Exploring the way HPWS are implemented in practice in comparison to theoretical ‘textbook’ model is important as there is no certainty regarding how advanced the form these practices take is and how deeply embedded in organisations they are. This is a result of a heavy reliance on the managerial respondents in the previous studies who might have described the formal policy or their wishful thinking which is likely to have little to do with what actually occurs (Gerhart et al. 2000, Gallie et al. 2001) and the experience of those on the shop or office floor.

Specifying the model and the practices it consists of is extended to reveal the way employees enact the model through the investigation of its effect on their organisational commitment. Despite the wide usage of the term ‘High Commitment Management’ (often treated as synonymous to HPWS) and reference to commitment in HPWS literature, the association between these HR systems and actual levels or forms of commitment has been largely assumed, as little research has examined this relationship. There is therefore a need for research that examines the precise employees’ attitudes and behaviours that the HR practices attempt to foster.

**From High Performance Work Systems to improved performance via employees’ commitment**

One of the labels put on workplace innovations with reference to the way ‘human resources’ are managed is a model of High Performance Work Systems. There is no agreed definition of HPWS, however the common ground is that the term is used to describe attempts to depart from the traditional Taylorist/Fordist forms of work organisation focusing to a great extent on employees’ control strategies to human resource practices associated with ‘developmental humanism’ that would impact on employees’ commitment and subsequently enhance organisational performance. This link to performance became the focus of many studies, which argued for the superiority of ‘bundles’ of human resource practices (MacDuffie 1995) over the traditional methods of managing people to achieve economic gains.
An agreement is yet to be reached on what constitutes an ideal set or ‘bundle’ of HR practices (for a good comparison of different bundles see the review article by Becker and Gerhart 1996), nevertheless, the rationale is clear: overlapping and internally consistent HR practices implemented together in a way that they reinforce each other will deliver performance outcomes greater than the sum of the outcomes of the individual practices (Purcell 1999). The ‘bundle’ to be investigated in this study was selected using the AMO theory of performance which defines employees’ performance as a function of their ability (A), motivation (M) and opportunity (O). Using AMO rubric led to incorporating the common components of HPWS without leaving any main practice that has frequently been used in previous research on the topic: sophisticated selection techniques and training to ensure employees possess knowledge and skills to enable their high performance (A); intrinsic rewards in a form of varied, challenging jobs and extrinsic rewards in a form of performance related pay, profit sharing and share ownership scheme together with giving employees a long term stakes in the organisation through job security and internal labour markets to ensure their motivation to perform (M); and creating working environment which provides necessary support and avenue for expression through allowing on the job discretion and involvement scheme such as employee surveys, suggestion schemes, problem solving groups and formal teams together with information-sharing and consultation to provide opportunities through which employees can achieve improved performance (O).

‘Bundled’ HR practices aim to elicit employees’ organisational commitment, however, a specific sort of commitment is sought in order to lead to improved individual and subsequently organisational performance. A rich body of literature on organisational commitment offers a variety of definitions of this phenomenon. These have been classified by Allen and Mayer (1997) into three categories: affective commitment which concerns individual’s identification with the goals and values of the organisation and refers to the employees’ attachment to, identification with and involvement in the organisation; continuance commitment concerns costs associated with leaving the organisation and normative commitment reflecting an intention to stay committed due to the perception of moral obligation. This classification certainly recognises that individuals may remain with an organisation for a variety of reasons whether moral, calculative or emotional.

However, it has also been suggested that each type of commitment has different behavioural consequences: affective commitment will be linked to effort and higher productivity while
continuance commitment will be linked to low labour turnover. Furthermore, it is implied in the literature that high levels of continuance commitment represent a negative feature within organisations. Iles et al. (1996) suggest that a high level of continuance commitment is unlikely to lead to high job performance, because unlike the affective and normative dimensions, continuance commitment is incompatible with flexibility and adaptability. Taking also into account that the rhetoric of HPWS predicates mutuality of gains for both employer and employees, affective commitment seems to be the most congruent with this model. However, it needs to be noted that critical writers perceive employee commitment as an internalised management control tool.

**Case study organisations**

This study is based on purposive sampling and the cases selected were chosen purposefully for theoretical rather than statistical reasons (Yin 2003). In order to conduct the study of HPWS organisations, measures had to be taken to maximise the possibility of identifying and accessing organisations suitable for this project, namely those that had the HR practices associated with the model. At the time of data collection (2005) it had been widely accepted that the sector of financial services was one of the most dynamic and rapidly growing ones in UK contributing to the economic output – measured as ‘Gross Value Added’ – over twice as much as that of the manufacturing sector’s. Productivity growth had been especially impressive – growing at more than three times the rate achieved in the economy as a whole – moreover, this strong growth in activity has been achieved without any rise in overall employment (Smallwood 2006). Some argue that HRM is an even more important determinant of productivity in the service sector than in the manufacturing sector, as much larger share of total production costs account for by employment and the much more extensive direct contact between employees and customers in services (Bartel 2004).

The perception that quality can secure a competitive advantage led to an increased customer awareness and to expectations regarding quality which are argued to be especially strong in the financial sector, where there are minimal differences between products among competitors (McCabe et al. 1998). The motivation and commitment of employees was found to be crucial to maintaining service quality levels in the restructured banks in McCabe et al.’s study (1998).
Furthermore, it has been established by Wood and de Menezes (1998) based on the WIRS 1990 that the proportion of workplaces in the ‘high’ High Commitment Management category was significantly greater for the financial sector than for the vast majority of industries. Similarly, WERS 2004 (Kersley et al. 2006) reveals that many HR practices that constitute the HPWS model are most likely to be found in the financial sector. This has provided the rationale to choose financial sector organisations for the purpose of this study as more likely than organisations in other sectors to have in place sought for characteristics.

The first case study company is one of the UK’s leading private banks with long established reputation and traditions and will be referred to as The Private Bank. Following the series of mergers and takeovers The Private Bank constitutes part of the wealth management division of a group of financial organisations (called here The Group) but claims to continue operate independently. However, The Group has expectations regarding delivery on their investment; something specified in targets, for example the growth target. The Private Bank provides expert wealth management and offers a range of private banking services including investment management and advisory services to ‘the high net worth individuals’. Analysis revealed distinctive categories of employees within the bank: private bankers, who were supported by private banker assistants whose role undergone changes in recent years moving away from the ‘one on one’ relationship with a private banker and involving contact with clients to teams of private banker assistants that specialised in different areas; call centre staff dealing with more straightforward enquiries and back office processing staff. Private bakers and the call centre were organised in client groups whereas the back office moved away from the client groups to being organised according to a process.

The second case study company is a multinational insurance company distinguished by its size and geographical diversity. It operates in 50 countries and is engaged in all forms of insurance and also investment operations. The Insurance Company Group has a record of bold takeovers as it tends to buy troubled companies cheaply and attempts to restore them to health. That was also the situation in its British parts which after the takeovers experienced cost cuts, redundancy and off-shoring of back-office jobs to India. Similarly to The Private Bank, The Insurance Companies that constitute The Group were aware that there were expectations of return on investment and expected that if that was not delivered in the required time The Group could withdraw the money and invest somewhere else.
Insurance work is more complex compared to banking and has a bigger variety of roles. However, jobs in both companies could be classified according to four categories: Front Office Sales, Front Office Customer Service, Back Office Professional, Back Office Processing. The characteristic of front office staff is contact with customers what is not the case with back office staff, however, there was also a difference regarding the complexity of work which led to further distinction between ‘professional’ and back office processing type of work.

Both companies were profitable at the time of data collection, have operated within the above mentioned context of ‘merger and takeover mania’ and were subject to some recent restructuring initiatives aimed at bringing the cost down and improving profitability. Both offer above average priced services, claim to compete on the quality of the provided service and target high value-added customers.

HPWS were widely researched using quantitative methodology what led to reductionism in a form of actualism by reducing researching and understanding of a phenomenon to an empirical level by studying only what can be measured. This led to a limited insights into complex phenomena like commitment. This type of reductionism is avoided in this study by adopting qualitative approach. The research was primarily informed by semi-structured interviews. In the two participating organisations 88 respondents were interviewed: 42 in The Insurance Company and 46 in The Private Bank. The sample included predominantly employees from a variety of roles, but some managerial and supervisory respondents were interviewed as well.

Critical Realist Analysis

Critical realism maintains that there is a world which exists largely independently of researcher’s knowledge of it and which is structured, differentiated, stratified and changing (Danermark et al. 2002). The different strata of reality include: actual, empirical and real. Empirical domain consists of what we experience, directly or indirectly. However, what happens in the world is not the same as that which is observed, hence the second domain: actual. Actual domain is where events happen, whether we experience them or not. That is further separated from the real domain where structures and mechanisms that produce these events are to be found (ibid). Critical realism posits that an important task of science is to
identify and investigate the effects of underlying generative mechanisms as they are a key source of information regarding causal conditions explaining why what happens actually does happen. Even though they are not readily accessible to immediate observation their exploration is of high importance to critical realism as this is where the emancipatory potential lies: transformations at social structure level is not easy to achieve, yet social structures are social products and as such only relatively enduring and can be transformed into more ‘wanted’ ones.

Gergen (1994) criticises this approach for not paying much attention to the observable world but rather perceiving the critical dimension of reality to be located within or behind observable events and aiming to elucidate the ‘hidden realities’. This is only partially true as critical realist science does not focus solely on unobservable phenomena but rather, it attempts to explain observable phenomena with reference to underlying structures and mechanisms. However, Gergen (1994, 75) poses important and challenging questions concerning ‘the lack of rationale for how the underlying structures could ever be identified, how one would ascertain which structures were related to what observable outcomes, and how one could establish the superiority of one structural account over another.’ The answer offered by Reed (2005a, 1637) is causality: ‘[underlying structures] are deemed to possess causal powers or capacities sufficient to generate observable events and outcomes that may or may not be actualized in specific historical contexts and social situations.’ It should be noted that critical realist understanding of causality is not as correlation or a relationship between discrete events (‘cause and effect’) but as the causal powers or liabilities of objects or relations, or more generally their ways of acting (Sayer 1992). Blaikie (2000, 108) explains that critical realist epistemology ‘is based on the building of models of mechanisms such that, if they were to exist and act in a postulated way, they would account for the phenomena being examined.’

Furthermore, as Cruickshank’s (2003) notices, critical realists contend that knowledge claims are fallible and do not attempt to seek a definitive, finished ‘truth’ but rather improve our interpretations or reality, not expecting that one day we will gain an absolute knowledge of it but rather that knowledge claims will continue to be better interpretations of reality. This could not be achieved by avoiding or bypassing the exploration of generative mechanisms even if there are no perfect methodological tools to study them. Danermark et al. (2002, 20) also make an interesting point that: ‘If ‘everything that is’ were in the open, if reality were
transparent, there would be no need for science; indeed no science would exist other than mere data collection.’ It is this deep, not directly observable dimension – the level of generative mechanisms – which, in view of these authors, justifies the existence of science.

Furthermore, Bhaskar (1998) is of an opinion that the fact that society, as an object of enquiry, is necessarily unperceivable and cannot be empirically identified (nor exist) independently of its effects raises no special epistemological difficulty. Rather, the epistemological difficulty is raised by the fact that the properties of society only ever manifest themselves in open systems, that is, in systems where invariant empirical regularities do not obtain as many causal powers are at work simultaneously, some reinforcing each other, some to the contrary.

Regarding social structures, they cannot exist independently of people’s actions, however, even though social structures exist only where people reproduce them, critical realism maintains they have powers irreducible to those of individuals (Sayer 1992). The individuals referred to in this instance are called ‘agents’ to highlight their particular property: setting up goals and trying to achieve them (Danermark et al. 2002). The specific nature of relation and interplay between agents and social structure is a subject of a longstanding debate and the critical realist take on it as moulding each other but essentially separate strata possessing different properties and powers, is only one voice in this debate. Here, the main contribution of critical realist position is overcoming the problem of ‘conflation’ by introducing the concept of analytical dualism which argues for analysing these entities separately to expose and explain the interaction between them.

However, critical realism has predominantly focused on how structural powers impinge upon agents and condition their actions. As a result, critical realist theory has made a strong contribution to conceptualising structures as emergent properties but neglected the parallel conceptualisation of agency (Contu and Willmott 2005, Archer 2003b), even though they are both recognised to be equally important and possessing distinct causal powers. Archer (2000) attempts to overcome this limitation in her recent work which is primarily concerned with the re-conceptualisation of human ‘agency’, its properties and powers but also with the process by which such powers causally mediate the effects of structure and culture upon members of society. She points out that recognising that structure can constrain or enable agents’ actions implies the exercise of agential powers as constraints require something to constrain and enablements something to enable. Only because people envisage particular courses of action,
referred to by Archer as ‘projects’, can one speak of their constraint or enablement. Agents reflexively formulate their projects in the light of their social circumstances and deliberatively respond to the facilitations or impediments encountered – which determine precisely what agents decide to do in the situations in which they find themselves (Archer 2003a).

Critical realist interpretation of agency and structure which forms a central part of this approach can constitute a powerful analytical device and was employed here to investigate structural limitations to implementation of HPWS and to uncover the generative mechanism that determined the form they took in studied organisations but also to explore how employees at the receiving end of these practices enacted them and subsequently exercised their agency in the way that they did taking into account the way emergent properties of structures constrained and enabled possibilities open to agents. The intention is to show that agency possesses its own ‘causal powers’ which, however, are revealed in its mediated interplay with structure.

**High Performance Work Practices in Practice**

This section provides insight into the way HR practices, relevant to the HPWS model, were implemented on the office floor in the studied companies. Some general statements by management about the practices were confronted with the detailed description of employees’ experiences of their implementation and the form they actually took. This revealed some differences as to categories of employees considered. Respondents’ accounts point to similarities between the experiences of front office sales and back office professional employees irrespective of the organisation and can be contrasted with often different experiences of front office customer service and back office processing employees in both organisations. Taking into account the shared experience the first two categories of employees are considered together as professional employees and the remaining two are aggregated as non-professional employees.

As this study focuses mainly on employees’ responses, selection practices were investigated in a limited scope. To explore them in more depth would require the sample to be skewed towards employees who recently joined the company. Selection of non-professional employees was determined through and interview checking their general intelligence and
attitudes which should have fitted with organisations’ values. There were separate, more sophisticated provisions for selecting professional employees who after a series of three to four interviews attended a one-day assessment centre where they went through various selection methodologies including, but not limited to tests, group activities and role plays.

A clear distinction could be made between the training provisions for professional and non-professional employees, which was particularly strong in The Private Bank, but also visible in The Insurance Company. In The Private Bank there was a sharp contrast between extensive training for Private Bankers and - as estimated by employees and some managers - insufficient training for Back Office Processing employees. In The Insurance Company, differences among groups of employees’ access to training were not so sharp. But similarly to The Private Bank it was easier for professional employees to receive formal training, whereas Front Office Customer Service Employees and Back Office Processing Employees, apart from the formal induction training were mainly trained by a use of coaching and mentoring techniques and learning from more experienced members of the team.

One of the ‘win’ outcomes for employees promised by proponents of HPWS are more challenging and intrinsically satisfying jobs that allow creativity and self-actualisation. This could not be said of most respondents in this study, as there was a clear division between the way Sales and Back Office Professional employees and Front Office Customer Service and Back Office Processing employees perceived their jobs. The first reported their work to be varied, challenging and requiring them to use their skills and knowledge on a daily basis, whereas the latter found their jobs routine and mundane. Furthermore, in The Private Bank multi-skilled teams in the back office which dealt with variety of processes were reversed to tayloristic process teams bringing specialisation to their jobs.

Private bankers reported high salaries whereas non-professional employees in The Private Bank reported low levels of rewards and expressed their dissatisfaction with this issue. In The Insurance Company all types of employees reported medium of the market rates which they found acceptable. All employees had an opportunity to top up their salaries with performance related bonus however their views on this arrangement varied. Private bankers reported challenging targets to qualify but significant bonus and were mostly satisfied with the arrangement. In The Insurance Company professional employees reported bonus to be significant but targets to qualify difficult to meet and were largely dissatisfied with the arrangement. Non-professional employees in The Private Bank found targets to be
reasonable, however bonus not significant, nevertheless, many were in favour of their efforts being reflected in the reward system. This category of employees in The Insurance Company reported bonus to combine personal and company’s performance and majority of employees were enthusiastic about bonus. Private bankers view positively the profit sharing scheme in place in their company, however, were not overly excited about it as it constituted small part of their remuneration package. In The Insurance Company profit sharing was linked to individual’s performance and meeting personal targets and employees were rather indifferent about this arrangement. In The Private Bank non-professional employees viewed the scheme positively, yet some pointed out that it was capped at 10% of salary and in relation to company’s profit many employees found it modest. In The Insurance Company the was this scheme was organised was different as the multiplier increased accordingly to reflect company’s increased profits and employees viewed it positively.

Responses regarding the employees’ feelings about job security were mixed. Overall, employees did not worry about being made redundant, however this does not mean that they all felt secure in their jobs. Some employees believed they would be able to find another job easily indicating that even though they may not take job security for granted, working within HPWS might have a positive effect on their employability. In The Private Bank few private bankers were worried regarding their job security when they were not hitting targets and back office employees’ job security was affected negatively by prospects of centralisation of back office. Similarly, back office employees in The Insurance Company felt their jobs were at risk due to company’s initiative to off shore back office jobs to India, whereas there were staff shortages in sales position hence these employees did not worry about losing their jobs.

Both organisations had well - developed internal labour markets, however it should be noted that in many cases movements were lateral. Both companies used employee attitude surveys which in The Insurance Company were an important bottom up communication and involvement tool. In The Private Bank their significance was not so strong for Private Bankers as for the remaining groups of employees. The situation was similar regarding suggestion schemes and problem - solving groups. In The Private Bank, professional employees tended to bypass managers and these managerial tools and discussed their ideas, shared ‘best practice’ with colleagues and implemented solutions themselves. They did not need managerial approval as they had extensive on the job discretion. In contrast, non-
professional employees were particularly encouraged by targets to submit a specified number of ideas to qualify for the bonus.

Formal teams were in place in both organisations, however, they were not autonomous as recommended in academic discussion of HPWS. The main aim of teams in case of professional employees was to pool knowledge and share best practice and in case of non-professional employees to overcome the monotony and routine and learn from others.

Employees were overall satisfied with information sharing in both companies. Regarding consultation, there were collective bodies in both companies to ensure this, however, professional employees in The Private Bank were not concerned with this matter and in The Insurance Company noticed that representative bodies have impact on trivial issues only whereas most non-professional employees in both companies were satisfied with provisions for consultation, though many were unaware of the specific arrangements.

Overall, the detailed analysis of the implementation of specific High Performance Work Practices unveils some important differences between the textbooks’ rhetoric and practice. Furthermore, variations at the level of distinguished categories of employees are brought to light.

**Employees’ Organisational Commitment in High Performance Work Organisation**

The definition of organisational commitment by Mowday et al. (1982) was used in this study as the best suited for this project. Section on the link from HPWS to improved organisational performance via employees’ commitment presented some arguments for focusing on affective commitment. Furthermore, the behavioural dimension relating to extra effort proposed by Mowday’s et al. (1982) definition is an additional reason for adopting it, as it goes some way towards endorsing a commitment – performance relationship, even though bringing together the attitudinal and behavioural components has been criticised by some for conflating the process and outcome. The argument that the behavioural dimensions relating to extra effort and the desire to remain represent the consequence of commitment as much as they form part of the actual concept itself (Guest 1992) is valid, however, mainly relevant to
studies conducted in a quantitative manner. Notwithstanding the difficulty it creates for quantitative measures it is of purely theoretical importance in the qualitative study if an individual’s behaviour is seen as part of the definition of commitment or as its manifestation or consequence. In addition to the behavioural component (extra effort in terms of time and effort levels) two remaining parts of the definition consider desire for maintaining membership in the organisation (feelings of loyalty and attachment to the organisation and in terms of behaviour intention to remain with the company) and employees’ attitudes towards organisational goals and values.

The findings emerging from the analysis of respondents’ accounts show that in the Private Bank many employees’ declare attachment to the company and the intention to stay. However, at the same time many express their primary concern to be advancing their career. The answers reveal rather instrumental arguments for staying with the company when the organisation enables respondents to progress the career ladder and being prepared to leave if this was necessary to fulfil their career advancement ambitions.

Similar findings emerge from the analysis of the situation in the Insurance Company. Sales employees here acknowledge that they are more likely than other employee groups to ‘move around’ and would do so, to advance their career, but there are also employees who clearly declare their loyalty to the company and their intention to remain. This feeling is strongest among back office professional employees. Call centre employees and back office processing employees, similarly to these categories of employees in The Private Bank are displaying more characteristics of the continuance type of commitment rather than an affective one, declaring the intention to stay with the company as long as it enables them to achieve personal goals mainly in terms of advancement.

Regarding the congruence of organisational and employees’ goals and values, many employees in The Private Bank felt proud to work there due to the brand, status of the bank and the type of clientele. They shared the main value of providing high quality service to the clients, which was expressed often as a factor contributing to their job satisfaction. Congruence of goals was further visible through some employees concern for the banks’ competitiveness and justifying banks’ decisions, even those unpopular among employees.

In the case of The Insurance Company the attempt to promote the organisational values was more visible, however employees were not so unanimous in identifying the main values as it
was the case in The Private Bank. Employees’ identification with the customer was also quite strong here, but was not the one outstanding value as in The Private Bank. It might be the case that The Insurance Company is not interested to pursue the ethos of the customer so strongly. The indication of congruence between individual and organisational goals could be seen in employees’ expression of gaining job satisfaction from their high performance, which was strengthened, by the expression of their dissatisfaction if they failed to achieve it. Similar trends exist in The Insurance Company regarding some employees defending even the unpopular decisions taken by management as being ‘for the best of the company’.

With reference to employees’ will to exert effort on behalf of the company, many employees in both organisations are prepared to do so as long as it benefits them personally. The main motives for working over-time and taking on additional duties expressed by vast majority of employees are financial gains in terms of additional pay and career progression. Many employees, particularly from non-professional categories state the reason for taking on additional duties to be seeking challenge, bringing some variety and avoiding boredom in their job. Some employees are prepared to work hard to help their colleagues or due to their personality and admit it is not due to the company motivating them sufficiently to do so, but there are also examples of employees stating they ‘go the extra mile’ in return for the company being good to them.

This project aimed predominantly at identifying affective commitment in the studied organisations, as the review of the literature indicated it to be more concordant with HPWO. Nevertheless, apart from some affective commitment in place, employees’ attitudes and behaviours seemed to fit mostly with the continuance type of commitment. However, the continuance commitment in both cases is not based on employees’ perceptions of the few alternatives available outside their organisations but is more typical of the exchange type of commitment - it was evident that individuals increased their efforts to predominantly satisfy their goals through a reword system or other perceived gain, for example the possibility of progression within the company.

**Discussion of Findings and Conclusions**

It can be concluded from the above description of the implementation of HPWS that, even though both companies overall stressed the importance of providing high quality service, in
some parts of the business the emphasis shifted to cost efficiency by seeking economies of scale. The two strategies existed alongside each other within each of the companies studied and resulted in some variation in the application of HPWP to different groups of employees. Both encompassed High Performance Work Practices but to different extents, by stressing different practices and embedding them to different levels. These findings challenge the view that a generic approach to high performance management is adopted by organisations and imply that HR practices are configured according to particular categories of employees. This is perhaps due to the cost of implementation and conditioned by what they aim to achieve. For example, the extrinsic rewards were great in case of Private Bankers and represented a cost-based investment primarily aimed at minimising staff attrition within this particular employee group. In contrast, levels of pay across the remaining categories of employees was perceived to be low, but a greater emphasis on intrinsic reward, provided through employee involvement opportunities, was expected to minimise undesirable effects.

To understand and explain this phenomenon we need to identify causal mechanisms that led to this hybrid form of HPWS being implemented in practice. This involves exploration of the economic circumstances of the UK’s neoliberal economy and its implications for the companies operating in the financial sector. The deregulation of the financial service sector which took place in 1986 (Financial Services and Building Societies Acts) led to the erosion of the traditional divides between the banking, insurance and mortgages industries. Furthermore, the process of liberalisation reduced barriers of entry and allowed the emergence of new players offering financial services. This resulted in increased competition, which often has a global dimension. To maintain market position and profitability mergers and acquisitions spread through the sector, also reflecting the globalising tendencies as they are often transnational, what was exemplified by the case of The Insurance Company.

Both companies studied were subject to ‘merger mania’ and very aware of expectations regarding delivery on investment clearly visible through targets imposed on them, including growth target. Not delivering according to the expectations expressed in targets brings about a threat of investor withdrawing the money and investing somewhere else. The ease of take-overs lends additional urgency to the achievement of short – term returns on capital and high dividend pay-outs, as withdrawal or transfer of investment become a real or perceived threat. Short-termism is further encouraged by increased pressures from share holders and their expectations of increased profitability. Cost cuts and rationalisation/restructuring
programmes are often continued after the company turns around from making loss to profit in order to maintain or increase profits. Following from this, offshoring jobs and other cost cutting exercises are part of reality in High Performance Work Organisations even though theoretically may not seem compatible.

Furthermore, companies find it difficult to invest in HR practices such as training or job security which require longer time frame to see the payoffs resulting from them. Hence, only certain types of employees, those with complex jobs requiring extensive knowledge have been exposed to formal training. There was also more effort to retain these employees with the use of other costly HR practices as their departure would constitute a substantial loss to the company. However, wherever possible, companies attempt to bring back specialisation characteristic of taylorism, in order to guarantee cheaper and easily replaceable workforce. Hence, it can be seen that the above mentioned market conditions resulted in rationalisation programmes achieved through changes in work organisation, such as separating front office and back office activities combined with the standardization of back office processing function. This subsequently led to worsened experience of working within the sector at least for some types of employees who enact routine, mundane jobs in spite of the rhetoric of empowerment and increased discretion.

However, further complication is encountered due to the fact that in spite of the need to cut costs due to the above described pressures, quality of service provided is also important particularly with reference to companies, like those studied here, who deal with high value-added customers. To respond to these conflicting pressures organisations in this study attempt to simultaneously pursue two business strategies of cost reduction achieved through standardisation which requires less skill (subsequently less training) and mass production (lower salary) with customisation requiring personal relationship and integrated services performed by skilled employees who are more likely to be invested in and be at the receiving end of more resource intensive HR practices.

To sum up, the challenges posed by the neoliberal economy led to the shift towards performance orientation with reference to businesses and individuals. To successfully implement the performance driven culture employees’ behaviours and attitudes had to be shaped accordingly what many companies attempted to achieve implementing HPWS.
Exploring corporate agency could also shed further light on the issue of implementation of HPWS, for example by exploring shared interests of managers in the introduction and shaping of High Performance Work Practices. This however falls outside of the scope of this study. Nonetheless, primary agency can be discussed here with reference to employees who responded to HR practices aimed at them in a particular way. Primary agents, whilst not always articulating their aims clearly, have nonetheless had a clear impact on the emergent hybrid forms of HPWS at the organisations studied. This was due to them taking up the ‘useful’ to them practices and disregarding or minimising the role of those that have not contributed much to what they wanted to achieve.

Furthermore, the organisational commitment exhibited by employees emphasised exchange and reciprocity. The findings suggest many employees are willing to offer commitment if their expectations are met in return. Many respondents emphasised the importance of career development opportunities with several expressing an explicit time period by which to assess if the company can or will offer the progression expected. Indeed, the company failing to meet this expectation proved a source of motivation for one employee for advancing her career outside the firm with several other respondents expressing the preparedness to do so. This clearly illustrates that employees do not passively give in to emergent properties of structures but attempt to shape their reality and pursue their ‘projects’ in accordance with their perception of it.

Their constructive engagement does not necessarily mean that they are easily indoctrinated by management and ‘buy into’ the managerial rhetoric. Nor should it be perceived as them ‘being duped into management’s view of appropriate behaviour’ (Tusky and Chelte 1991) as when the inducements are not in place, and employees feel that collaboration is one-sided, they do not hesitate to look for a ‘better deal’ somewhere else or staying but withdrawing their effort above what is necessary. This calculative approach is, in the words of Legge (1999, 37): ‘a product of the ‘freedom’ of labour to ‘think for themselves’ and it is clear from this study that many of them exercised this freedom. Employees’ perceptions of these practices and the way they behave in response to them, may be argued to be a result of their pragmatism and realism rather than them being naïve and easily manipulated by management. Nevertheless, agents’ choices are limited by structures and they cannot shape them under the circumstances of their choosing. The imbalance of power between employers and employees deepened by the weakened position of collective bodies like Trade Unions,
again as a result of neoliberal sentiments persisting within political circles in UK beyond Thatcher’s government result in the agential behaviour having a rather limited impact and ability to challenge current structures.

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