Informal high performance work practices increase employee job satisfaction and workplace profitability – even if management is unaware that these practices exist.

Dr Yoshio Yanadori (School of Management) and Dr Danielle van Jaarsveld (University of British Columbia, Canada) have been studying the impact of formal and informal high performance work practices (HPWPs).

Continued on page 2
HPWPs are human resource practices designed to improve employee skills, enhance employee motivation, and encourage employees to apply their skills to benefit the organisation. Organisations that formally adopt these practices demonstrate better organisational performance. Further, employees at organisations with formal HPWPs report higher organisational commitment and job satisfaction. However, employers and employees do not always agree on the HPWPs operating in their organisation. Employees may participate in HPWPs even if their organisations have not formally adopted these activities. ‘Some line managers may voluntarily establish practices that are not formally recognised. For example, line managers may communicate regularly with their subordinates, leading employees to think that their organisation has an information-sharing program,’ Dr Yanadori observed. ‘And some proactive employees may view the feedback they solicit from co-workers as on-the-job training even when their organisation does not have a formal on-the-job training program.’

The research literature is divided on the likely impact of these informal HPWPs. Some researchers believe that the employee experience is what matters. Even on an informal basis, practices that encourage employee participation and engagement should boost employees’ evaluations of their work experiences. Other researchers note that informal HPWPs are less visible than formal HPWPs and they communicate a more ambiguous message about what the organisation values. Employees have differential access to informal HPWPs and so the impact of informal HPWPs may be far less than formal HPWPs.

This study used matched employer-employee surveys from 4,000 Canadian workplaces. In an employer survey, management reported on their organisations’ formal HPWPs; in the employee survey, nonmanagerial employees reported on the HPWPs they experienced. Both surveys asked about nine HPWPs that included information-sharing programs, flexible job design, team work, performance-based pay, and on- and off-the-job training.

Then the researchers constructed two HPWP indices. A formal HPWP index counted the number of practices that management and employees agreed were operating in their organisation. An informal HPWP index counted the number of practices that only employees said were operating in their organisation. ‘In our sample, employees were participating in informal HPWPs to a greater extent than formal HPWPs,’ Dr Yanadori said. ‘This makes it especially important to understand the effect of those informal HPWPs on employee and organisational outcomes.’

The researchers first conducted an individual-level analysis and found that both the formal and the informal HPWP indices were positively associated with employee job satisfaction. Then the researchers conducted a workplace-level analysis and found that both indices were positively associated with workplace profitability. In both analyses, informal HPWPs affected outcomes to about the same degree as the formal HPWPs.

‘Both the formal and the informal HPWP indices were positively associated with employee job satisfaction.’

The team’s findings identify ways that HR managers can positively influence organisational outcomes. ‘HR managers can encourage line managers to adopt HPWPs in their units rather than waiting for organisation-level directives,’ Dr Yanadori suggests. ‘And, in turn, line managers can encourage employees to initiate HPWPs within their workgroups. HPWPs benefit organisations no matter who initiates them.’

Dr Yanadori believes that the findings will also help HR managers build a business case for HPWPs in their own organisations. ‘We’ve known for some time that formal HPWPs have a positive impact. But the previous research findings underestimate the value of HPWPs. Management may be unaware of the informal HPWPs operating in their organisations and therefore be also unaware of their value.’

The researchers’ findings were reported in Industrial Relations.

If you would like to learn more about the project and its results, contact:

Dr Yoshio Yanadori
(yoshio.yanadori@unisa.edu.au)
What is the Centre for Human Resource Management?

CHRM brings together researchers with expertise in human resource management (HRM) to address major HRM-related challenges in the South Australian, national and international contexts. CHRM’s primary objective is increasing the quality, quantity and impact of research in HRM and developing academic-industry collaborations.

What’s new at CHRM?

CHRM had a strong contingent in Philadelphia at the August meeting of the Academy of Management (AOM). A dozen CHRM members attended and presented research on job embeddedness, high performance work systems, gender diversity, and sustainability.

Two papers by CHRM members received awards from the Gender and Diversity in Organizations Division of AOM:

- Does consistency pay? The effects of information sequence and content on women’s negotiation outcomes (Carol Kulik with coauthors Mara Olekalns and Emma Swain from The University of Melbourne)
- A fair go? Gender pay gap at the executive level in Australia (Yoshio Yanadori, Jill Gould and Carol Kulik)

CHRM bids farewell to Prof John Benson and Dr Yiqiong Li. They will both be missed by their CHRM colleagues. We wish them success in their next adventures.

You can learn more about CHRM, its people and its activities at our website:

www.unisa.edu.au/chrm

Prof Carol T Kulik
Director, CHRM

CHRM Newsletter
Issue 3, November 2014 3

CHRM-ASHRR forums

The Australian Senior Human Resources Roundtable (ASHRR) is a network of senior HR executives whose aim is to facilitate a more effective dialogue between HR practice and research. The CHRM-ASHRR forums bring together local senior HR practitioners and HR academics to discuss emerging HR issues.

The 2015 calendar of CHRM-ASHRR forums is in preparation now. The 4 March forum will explore the issues associated with fit (or lack of fit) between employees and their work environment.

CHRM is blogging

Academic articles written by CHRM researchers are regularly ‘translated’ into reader-friendly blogs. Keep up with the latest research findings on a wide range of topics such as using incentives for innovation, improving women’s negotiation outcomes, and cultivating effective organisational climates. The most recent blog focuses on mature-age workers’ exit decisions – they are much more complex than a dichotomous stay-or-retire choice.

New blogs are regularly announced on the CHRM LinkedIn group, so watch that space. Not a member of the LinkedIn group yet? Find us by searching for UniSA Centre for Human Resource Management (CHRM) at www.linkedin.com or email jillian.gould@unisa.edu.au

CHRM Research Snapshots

CHRM has developed a video library featuring research insights from CHRM researchers and our international and interstate visitors. Keep up with the latest CHRM research at:

www.unisa.edu.au/Research/CHRM/Research-snapshots

This month we are featuring Dr Shruti Sardeshmukh discussing her research into entrepreneurship, family business and telecommuting. New videos are regularly posted in the CHRM LinkedIn group.
Each year, HR practitioners spring-clean their organisations’ policies and procedures. If done well, these tidy ups can have surprisingly powerful consequences.


Reviewing policies to incorporate checklists can radically improve organisational outcomes. At one US hospital, policy revisions prevented forty-three infections and eight deaths in one year - and reduced costs by two million dollars. How?

First, establishing and approving the policies clarified responsibilities and lines of authority. Lower level staff members were empowered to hold senior staff accountable for unapproved shortcuts. Risky situations were easily identified, enabling immediate responses. The new policies made legislative compliance and medical best practices part of standard procedure.

Second, the checklists streamlined complex interactions into easy-to-follow task sequences before employees were confronted with time-pressured emergency situations. Instead of muddling towards a solution, inter-departmental teams of medical staff worked systematically through a series of clear procedures. Standardising the most common emergency situations freed more quality time for practitioners to identify exceptional cases needing customised responses.

If you are interested in learning more about how HR can use checklists to improve organisational effectiveness, contact:

Dr Gerry Treuren *(gerry.treuren@unisa.edu.au)*

What CHRM is working on

Some organisations are very successful in managing diversity. These organisations learn which diversity initiatives best meet the needs of specific demographic groups and their portfolio of diversity management practices expands to create an inclusive culture. In these organisations, employee diversity becomes a competitive advantage.

Other organisations adopt isolated diversity management practices that fail to embed within the organisational culture. Their diversity management activity is characterised by starts, stops, and backslides. These organisations might aspire to more effective diversity management, but internal forces and environmental demands keep them ‘stuck’ in an ineffective paradigm.

Prof Carol Kulik (School of Management) and Assoc Prof Isabel Metz (Melbourne Business School) are embarking on a series of organisational case studies in collaboration with The 100% Project and the Australian Senior Human Resources Roundtable. The project is funded by an Australian Research Council Linkage Grant. It will examine organisations’ diversity management trajectories to identify the facilitators that encourage effective diversity management paradigms and the resistors that maintain ineffective ones.

If you’d like to learn more about the project, contact:

Prof Carol Kulik *(carol.kulik@unisa.edu.au)*

Would you like to receive future copies of our newsletter and updates on CHRM’s activities?
Please join our mailing list by emailing *sanjee.perera@unisa.edu.au*