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High Performance Work Systems and Organizational Values: Resource-based View Considerations

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Abstract

High Performance Work Systems (HPWS) have become highly important as a source of competitive advantage in today's competitive business environment. Human resource management capabilities are important for attracting, selecting, retaining, motivating and developing the workforce in an organization. Meanwhile organizational culture, considered as a form of organizational capital may also be a driver for sustained competitive advantage. Organizational values, as the reflection of organization culture are asserted to influence the strategic issues such as strategic change, management decision making and also shape employee commitment and organization's interaction with external stakeholders. These two firm-specific resources may complement each other and further leveraging organizational performance. In consideration with the resource-based view, this paper seeks to identify whether high performance human resource practices are articulated and publicly espoused via organizational values. The research question of the study pertains to whether selected organizations incorporate components of HPWS in their organizational value statements. Summative content analysis is conducted which is supported by the NVivo software program, the findings of which are discussed in the text.

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1. Introduction

The issue of firm resources has become a central issue in strategy research for a few decades. In the 1990s, the resource-based view of the firm has been considered one of the theories of strategic management. The view suggests

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that organizations compete based on their resources and capabilities (Barney, 1991; Lado and Wilson, 1994). These dynamic and infinite mechanisms help the organizations attain, develop and distribute their resources to achieve - sustained competitive advantage relative to other firms. The resource-based view, by putting people or a firm's human resources first, among all capabilities, suggests that human resource management (HRM) systems contribute to organizational success by reinforcing firm-specific competencies which have been embraced by the organization's history, culture and value systems (Seong, 2011).

The concept of 'High Performance Work Systems' (HPWS) can be approached from the paradigm of resource-based view of the firm. HPWSs - also known as high performance work practices, high involvement (HI) or high commitment (HC) practices (Armstrong, 2001; Tomer, 2001; Walton, 1999)- are defined as those human resource management practices 'designed to attract qualified employees, enhance their skills, commitment and productivity in such a way that employees become a source of competitive advantage' (Datta, Guthrie & Wright, 2005; p.135). The resource-based view implies that a resource can be qualified as a source of competitive advantage as long as the resource adds value to the firm, is rare and hard to be imitated. Accordingly, Lado and Wilson (1994) put forward that sustainable competitive advantage can be further supported as long as human resource systems are able to develop firm specific competencies and capabilities, generate effective social interactions and also "tacit organizational knowledge" (pg.699). Implementing HRM practices in an effective way leads to the development of a skilled workforce (Dunford, Snell and Wright, 2001) and gives way to positive organizational outcomes in terms of commitment, flexibility and high quality.

Organizational culture, considered as a form of organizational capital (Barney, 1985) may also be a driver for sustained competitive advantage (Chan, Shaffer and Snape, 2004). The literature contends and general agree upon the fact that culture is inherently tacit, complex and specific and therefore it is all but impossible to be imitated by other organizational forms (Chan et al., 2004; Reed and DeFillippi, 1990; Fitzgerald, 1988; Barney, 1985). Organizational culture refers to the learned assumptions that hold the firm's members and units together by providing cohesiveness among them and that distinguish one organization from the other. Organizational culture can be evident in various forms such as rituals, routines, habits, values, cultural networks that are cherished by the organization (Singh, 2013) which would influence its way of allocating its resources and constitute an important variable for understanding employee behaviors. Organizational culture may enable less ambiguity and more certainty as the organization takes steps for making strategic decisions to achieve superior performance (Seong, 2011). Having consistency across divisions and employees in terms of ways of behaving can help achieve both higher organizational as well as better employee performance (Sadri, 2014).

Organizational values- as the foundation, form and reflection of organization culture is asserted to influence the strategic issues such as strategic change, management decision making and shape organization's interaction with external stakeholders (Voss, Cable, & Voss, 2000) and also employee commitment (Bourne & Jenkins, 2013). Organizational values take the center of attention by being at the core of organizational topics, i.e. culture, person-organization fit (Bourne & Jenkins, 2013).

Schein (2004) analyzes culture at several different levels. These levels vary from the very explicit, tangible demonstrations such as visible organizational structures and processes that each employee can describe to the deeply embedded, unconscious thoughts and feelings. In between these levels he argues that there are espoused beliefs and values which provide the employees with goals, operating principles and/or philosophies by which the top management or the founder guides their behavior.

Human resource management capabilities are important for attracting, selecting, retaining, motivating and developing the workforce in an organization. Meanwhile organizational culture, via its rituals, behaviors, heroes, decision mechanisms, values allocate and act as an anchor on resources for organizational success. These two firm-specific resources may complement each other and further leveraging organizational performance (Chan, et al., 2004). Organizational values, as embedded within this organizational culture conceptualization are the main focal point of this study. In consideration with the resource-based view, this paper seeks to identify whether high performance human resource practices are articulated and publicly espoused via organizational values as a reflection of organizational culture. A number of 10 multinational corporations' (MNCs) organizational values are considered as the documents of the study. The motive to execute the study with multinationals is that MNCs operate on a very large

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