

# What Is a High-Performance Work Organization?

Bradley L. Kirkman, Kevin B. Lowe, and Dianne P. Young

Improving organizational performance is an essential leadership concern, so it is not surprising that there is a great deal of interest in what are termed *high-performance work organizations*, or HIPOs. But what is a HIPO, and how can leaders help their organizations become one?

Recently, we embarked on a study to answer these, and other, questions. We began by reviewing the literature, which is abundant. According to Barry Macy of the Center for Productivity and Quality of Work Life at Texas Tech University, the center's library

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contains over 300,000 pages of books, articles, and cases written on HIPOs over the years, and he estimates that more than 80 percent of what has been written has not been published. Ultimately, we chose to focus on 168 recent, high-quality books, book chapters, and articles on HIPO research and practice.

We found that despite the great interest in high performance, there is no widely accepted definition of what a HIPO is. Without such a definition, leaders can refer only to their own experiences and are thus impeded in their efforts to evaluate and improve organizational performance. What is needed is a practical working definition, a definition drawn from the substantial experience of companies and their leaders.

We would like to contribute to the creation of such a definition by, first, offering a summary of how the literature defines a HIPO and, second, suggesting our own, process-oriented, view.

## Existing HIPO Definitions

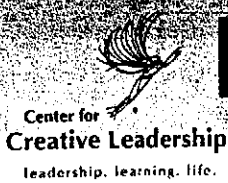
In our reading of the 168 works, we have identified five statements that we believe are representative of all the current definitions of a HIPO:

- "Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won't stand still" (William Pasmore).
- HIPOs are "flexible or lean manufacturing methods and associated employment-relation practices" (Jeffrey Pfeffer).
- "Self-managed teams and decentralization of decision making are the basic principles of organizational design" (Jeffrey Pfeffer).
- HIPO characteristics are "employee involvement, participative management, democratic management, and total quality management" (Edward Lawler, Susan Mohrman, and Gerald Ledford Jr.).
- HIPOs are made up of "extraordinarily capable people working in teams, equipped with proper technology, focused on satisfying the customer, and improving work processes" (Joseph White).

## A New Definition

The above definitions are all insightful and can help leaders understand many of the issues involved in building a HIPO. However, they tend to focus on organizational practices and outcomes—in short, they define what a HIPO *is*. We believe that it would be better to define a HIPO by what it *does*. Thus, we think a HIPO can best be defined as *an organizational system that continually aligns its strategy, goals, objectives, and internal operations with the demands of its external environment to maximize organizational performance*. This definition focuses on how an organization, if it is to achieve high performance, must continually and dynamically adjust to its environment.

There are, of course, practices related to this definition. At present, we think there are five important practices, or components, that organizations use to various degrees to dynamically adjust to their environments: self-managed work teams and sociotechnical systems; employee involvement, participation, and empowerment; total quality management; integrated production technologies; and learning organization methods.



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We cannot go into these practices in detail here. (Readers who are interested in finding out more are referred to our recent CCL publication; see the suggested reading at the end of this article.) Briefly, however, the practices might play out as follows. A learning orientation might serve to increase the information flow across organizational

Instead of our looking at what it *is*, perhaps it would be better to define a high-performance work organization by what it *does*.

boundaries and thus ensure that the organization stays abreast of changing supplier capabilities and customer requirements. Flexible production systems might be used to quickly configure internal operations to meet frequently changing customer needs and tastes. Employee involvement and self-managing work teams might be used to better tap the human resources of the organization, with the intent of remaining flexible and adaptable enough to survive in turbulent organizational environments. Finally, total quality management might be used to better define supplier requirements and meet exacting customer standards demanded by most buyers in today's marketplace.

In our view, the choice of high-performance components and the mix of components depend on a particular organization's environment or maybe even the various environments that different parts of an organization face. Self-managing work teams and employee involvement may be more appropriate in environments that constantly demand innovation. For example, IBM and Microsoft both make extensive use of teams and employee involvement in their research and development areas to meet the demands of the rapidly changing environment for computer technology. Conversely, total quality management may not be as suited for complex and dynamic environments that rely on breakthroughs in innovation and speed. Total quality management is better used in production areas than for research and development concerns.

These components are not a part of our definition because they may change in the future; as organizational environments change, new practices

will be developed to produce high performance in light of those changes.

### Conclusion

Certainly, there have been many successes in the effort to build high-performance work organizations. Joseph White, using his definition, recently estimated that more than 13 percent of companies in the United States can be considered HIPOs. However, we think that our definition, with the associated practices, can enable even more organizations to succeed, and we are working to identify the leadership abilities that are particularly related to acting on this definition. Organizations will continue to achieve high performance only if they can consistently meet or exceed the demands of their environments and the goals set by their leaders.

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