

Kelompok 3

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BAB 9

CREATING AND MAINTAINING HIGH - PERFORMANCE ORGANIZATIONS



Creating & Maintaining High-Performance Organizations

This chapter explains how organizations create and sustain high performance by integrating people, systems, and technology

Amazon Case:

- Connections → collects daily employee feedback about their work experience.
- Forte → supports employees and managers in focusing on strengths and individual development.

High performance is not only about achieving targets, but about building a workplace that is supportive, transparent, and adaptive.



High-Performance Work Systems



HPWS is the organizational “engine” that aligns people, work structure, and technology toward shared performance goals.

Elements of HPWS

- Clear and effective job design
- Recruitment and training that match organizational needs
- Fair and performance-based rewards
- Open communication between employees and managers

Outcomes of HPWS

- Employees become more productive, satisfied, and committed/loyal.
- Work becomes more efficient, and teams develop a stronger shared responsibility.



What High-Performing Organizations Have

- Strong, solid teams
- Selective recruitment
- Trust-based work culture
- Employees are empowered to decide, ideate, and innovate

Why Empowerment Matters

- Builds ownership
- Boosts motivation
- Increases productivity

Case Study: Starbucks

- Starbucks closed all of its stores in the United States for unconscious bias training.
- This aimed to increase awareness of diversity and ethics.
- Lesson:
→ The importance of value-based, ethical, and diversity training in HRM.



Learning Organization

- Constant learning & knowledge sharing
- Encourages critical thinking and experimentation
- Makes the company adaptive to change

Employee Engagement

- Employees feel valued and purposeful
- Engagement drives wholehearted performance
- HR values aligned with brand values → stronger impact



Ethics as the Foundation

- Honesty & social responsibility build strong reputation
- Ethical culture fosters loyal employees
- High performance = achieving results the right way



High-Performance Work System (HPWS)

A High-Performance Work System (HPWS) is a coordinated set of HR practices, organizational structures, and technologies designed to maximize employee involvement, capability, and performance. Organizations achieve exceptional performance by aligning human resources, technology, and structure into an integrated system known as a High-Performance Work System.





Key Characteristics of HPWS



- Collaborative organizational structure
- Efficient yet flexible job design
- Highly trained, motivated employees
- Transparent reward and information systems
- Strong alignment between goals, processes & behaviors

Why HPWS Matters?

HPWS leads to:

- Higher productivity
- Stronger product and service quality
- Improved customer satisfaction
- Higher employee retention
- Faster innovation and adaptation

High-performance organizations rely on strong teamwork and employee empowerment.

Employees are involved in decision-making, problem-solving, and process improvements. In HPWS, knowledge is treated as a strategic asset. Open communication and shared learning help maintain agility and innovation.



Role of HRM in HPWS

HRM responsibilities include:

- Recruiting talent aligned with organizational goals
- Designing effective training & development programs
- Conducting performance evaluations
- Implementing fair reward systems
- Using HR technology (e-HRM, HRIS) for decision support



Challenges in Implementing HPWS

Organizations may face:

- Resistance to change
- Poor communication
- Misalignment between departments
- Lack of leadership commitment
- Unprepared employees for autonomy

High-Performance Work Systems create an environment where people are empowered, technology is leveraged effectively, and organizational structure supports collaboration.

The result is a strong, flexible, and sustainable organization.



Importance of HR Management

Effective HR management is crucial for organizational success. It helps attract and retain talent, ensures compliance with labor laws, enhances employee engagement, and fosters a positive workplace culture.



HUMAN RESOURCE MANAGEMENT TECHNOLOGY

Technology has transformed the role of HR from administrative to strategic. Technology helps HR improve efficiency, data accuracy, and decision quality in managing human resources.



HUMAN RESOURCE MANAGEMENT APPLICATION



1

**ONLINE RECRUITMENT
(APPLICANT TRACKING SYSTEM)**

2

ONLINE PERFORMANCE EVALUATION

3

**DIGITAL TRAINING
(LEARNING MANAGEMENT SYSTEM)**

4

AUTOMATIC PAYROLL

Human Resource Information System (HRIS) is an integrated system for managing and analyzing employee data. Its functions include personal data management, reporting, and workforce planning.

Electronic HRM (EHRM) utilizes the internet to perform HR functions online, including operational E-HRM (automation of administrative processes), relational E-HRM (self-service for employees), and transformational E-HRM (supporting HR strategy and development).

The impact of HR technology is that HR professionals need to master data analysis, maintain information security, and become strategic partners of the organization. Technology makes HR more responsive and data-driven.



EFFECTIVENESS OF HUMAN RESOURCE MANAGEMENT

The effectiveness of HRM shows how well HR practices support organizational goals. Effective HR not only performs administrative functions, but also plays a strategic role in improving company performance and competitiveness.



Human Resource Management Audits

- HR Audit = systematic evaluation of HR policies, procedures, and practices.
- Focus on areas: recruitment, training, compensation, and legal compliance.
- Objectives: identify weaknesses, improve efficiency, and strengthen HR function performance.



ANALYZING THE EFFECT OF HRM PROGRAMS

Assessing the impact of HR activities on organizational results.

Main methods:

- Cost-Benefit Analysis & ROI → measuring the benefits of HR programs.
- HR KPIs → productivity, turnover, employee satisfaction.



BAB 10

MANAGING EMPLOYEES' PERFORMANCE



Performance Management

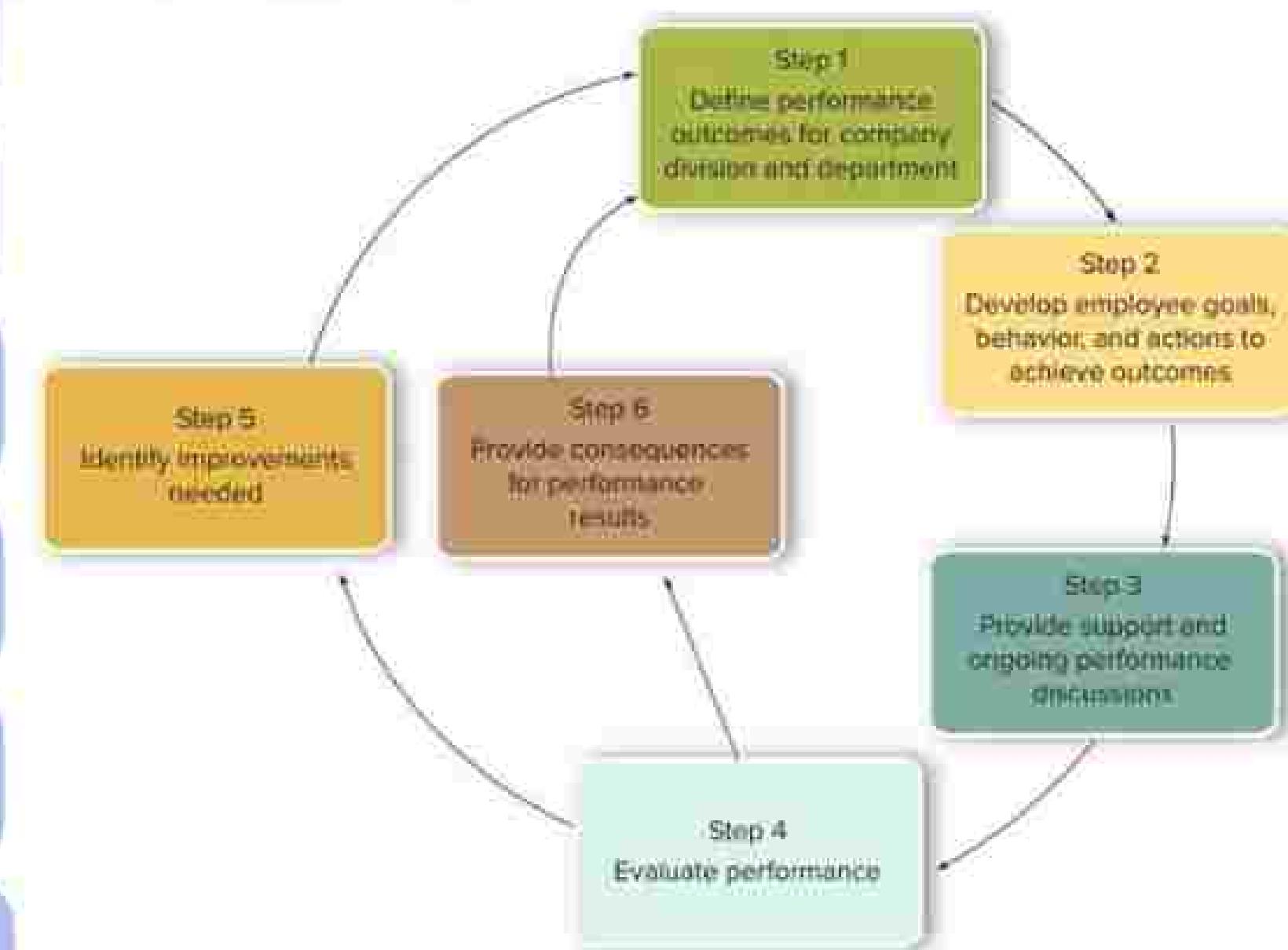
Performance management is the process carried out by managers to ensure that employee activities and work results contribute to the goals of the organization.



The Process of Performance Management

- Organizational performance objectives, whether at the corporate, division, or department level.
- Developing individual goals, employee behaviors, and actions so they are aligned with organizational objectives.
- Organizational support such as training, resources, work tools, and regular performance discussions between managers and employees.
- Evaluating actual results compared to the targets and expected behaviors.
- Identifying areas of strength and weakness, and determining improvement and development actions.
- Providing consequences for performance results – which may include rewards (bonuses, promotions) or action plans/improvements when performance does not meet expectations.

FIGURE 10.1
Steps in the Performance Management Process



Purposes of Performance Management

1

STRATEGIC PURPOSE

ALIGNING EMPLOYEE BEHAVIOR WITH ORGANIZATIONAL STRATEGY.

BENEFIT: INDIVIDUAL PERFORMANCE SUPPORTS THE ACHIEVEMENT OF BUSINESS OBJECTIVES.

2

ADMINISTRATIVE PURPOSE

SERVING AS THE BASIS FOR PERSONNEL AND COMPENSATION DECISIONS.

BENEFIT: TRANSPARENCY AND FAIRNESS IN HR DECISIONS.



3

DEVELOPMENTAL PURPOSE

ENHANCING EMPLOYEE COMPETENCIES AND POTENTIAL.

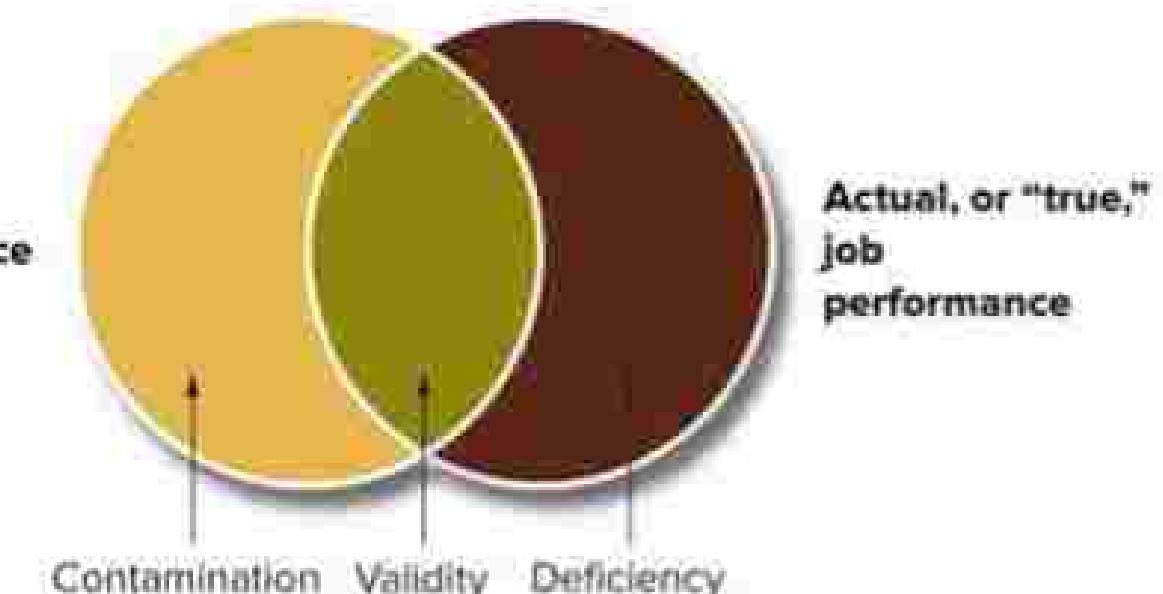
BENEFIT: CAREER DEVELOPMENT AND INCREASED MOTIVATION.

Criteria for Effective Performance Management

- Fit with Strategy
- Validity
- Reliability
- Acceptability
- Specific Feedback

FIGURE 10.2

Contamination and Deficiency of a Job Performance Measure



EMPLOYEE PERFORMANCE APPRAISAL

Approaches, Methods, and Sources of Performance Appraisal Information

1. Definition of Performance Appraisal

Performance appraisal is a systematic process used by organizations to evaluate, assess, and document the performance of individual employees based on predetermined standards or objectives. The purpose is to determine the extent to which employees contribute to achieving organizational goals, while also serving as the basis for managerial decision-making such as promotions, compensation, training, or career development.

2. Attribute Based Appraisal Approach (Attribute Based Methods)

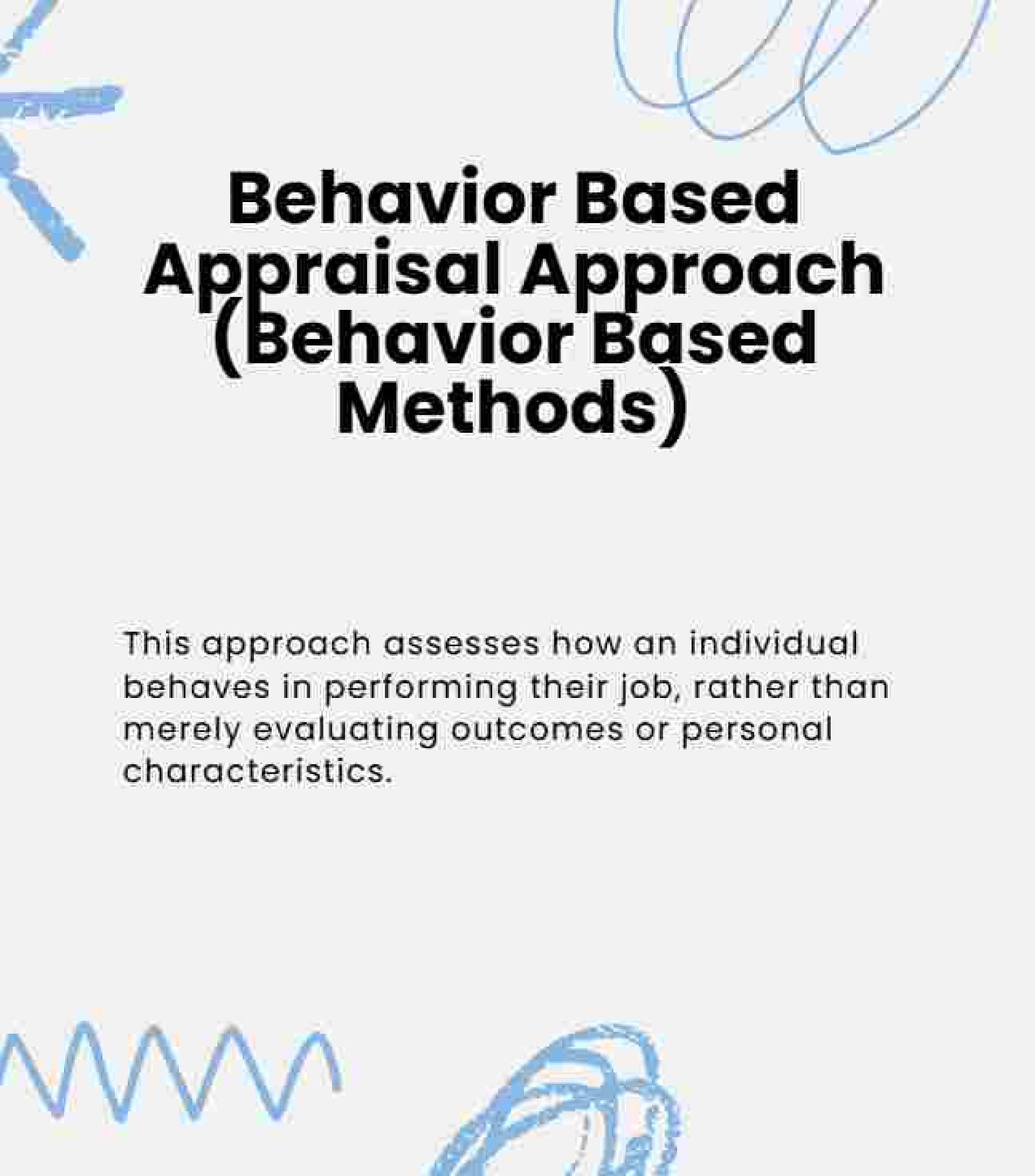
This approach focuses on traits, characteristics, or personal attributes that are believed to influence job success, such as initiative, intelligence, teamwork, and interpersonal relationships.

a. Mixed Standard Scale

This method combines appraisal based on several descriptive statements (high, medium, low) for each attribute.

Each level (high, medium, low) is given a specific score, and the total score describes the individual's performance.





Behavior Based Appraisal Approach (Behavior Based Methods)

This approach assesses how an individual behaves in performing their job, rather than merely evaluating outcomes or personal characteristics.

01.

a. Critical Incident Method

This method evaluates performance based on critical behaviors: behaviors that are highly effective or highly ineffective observed during the work period. Each incident is systematically recorded and then analyzed to assess the employee's strengths and weaknesses.

Its advantage is the focus on actual behaviors in the workplace; however, its drawback is that it requires continuous observation.

02.

b. Behaviorally Anchored Rating Scale (BARS)

The BARS method combines the strengths of behavioral approaches and quantitative rating scales. Each performance level is described through concrete behavioral statements (called anchors).

BARS is considered more objective and specific because each score is linked to examples of real behaviors. However, its drawback is that developing the scale is time-consuming, as it requires extensive job analysis and behavioral validation.

03.

c. Behavioral Observation Scale (BOS)

BOS is a variation of BARS. The difference is that BOS does not only include behavioral examples, but also requires evaluators to determine how frequently those behaviors occur.

04.

Reinforcement-Based Approach

Organizational Behavior Modification (OBM)

OBM is based on the principles of behaviorism, which state that behavior can be modified through a reinforcement system. The organization identifies key behaviors that need improvement, then provides feedback and rewards each time these behaviors occur.

Steps of OBM:

- Identifying key behaviors related to work effectiveness.
- Designing an observation system to record the frequency of behaviors.
- Providing periodic feedback to employees.
- Giving rewards based on improvement in behavior.

The advantage of OBM is that it improves positive behaviors in a concrete way. However, its drawback is that the method requires intensive monitoring and sometimes pays less attention to work outcomes.

05.

Results-Based Approach (Management by Objectives MBO)

MBO is a performance appraisal system based on goals that are mutually agreed upon by managers and employees. Performance is measured based on the extent to which these goals are achieved.

Steps of MBO include:

- Setting specific, measurable, and realistic goals.
- Agreeing on targets together between managers and employees.
- Evaluating actual results compared to the targets.
- Providing feedback and establishing new goals.

The advantage of MBO is that appraisal results are more objective because they are based on actual achievement data. However, this method requires considerable time and coordination.

06.

Total Quality Management Approach (TQM)

TQM focuses on continuous quality improvement through teamwork, customer feedback, and organizational quality standards.

In performance appraisal, TQM evaluates both individual performance and the overall system performance.

TQM appraisal includes two aspects:

1. Subjective: Feedback from managers, coworkers, and customers.
2. Objective: Quality data, errors, or customer satisfaction levels.

The advantage of TQM is its emphasis on continuous improvement and customer orientation. However, its drawback is the difficulty in determining individual performance measures within a team-based system.



07.

Sources of Performance Appraisal Information

a. Manager (Manager Appraisal)

The most common source because managers understand job standards and are authorized to evaluate.

b. Peers

Coworkers can provide accurate assessments because they interact directly and understand job challenges.

c. Subordinates

Assessment from subordinates is usually used to evaluate the effectiveness of a manager's leadership.

d. Self-Appraisal

Self-evaluation conducted by employees to assess their achievements and deficiencies.

e. Customers

Feedback from external or internal customers, commonly used in service-oriented jobs.

f. Digital Applications and Real-Time Feedback

Technological advancements enable the emergence of real-time feedback apps, such as Impraise, Reflektive, or Engagedly.

8. 360 Degree Performance Appraisal

A performance assessment system that combines all information sources (managers, peers, subordinates, customers, and self appraisal).

Its purpose is to obtain a comprehensive view of employee performance from multiple perspectives.



Errors in Performance Measurement

- Performance evaluation is not always objective because raters interpret behavior with limited information.

Types of Rating Errors

Similarity Error

- Raters give higher evaluations to individuals similar to themselves.
- Can lead to discrimination if based on gender or race.

Contrast Error

- The evaluation is compared to other employees instead of an objective standard.

Distributional Errors

- Leniency: everyone rated too high
- Strictness: everyone rated too low
- Central Tendency: everyone rated average
- These errors make it difficult to compare ratings across raters.

Halo & Horns Effect

- Halo: one positive trait influences all other ratings.
- Horns: one negative trait leads to poor ratings across all categories.
- Leads to inaccurate feedback and affects employee motivation.





Ways to Reduce Errors

- Provide rater training to identify and avoid bias.
- Train raters to examine multiple dimensions of performance.
- Use data analytics to detect patterns and reduce subjective errors.



Political Behavior in Performance Appraisals

Some rating distortions occur intentionally for personal or political reasons.

Consequences:

- High performers become frustrated when rated unfairly.
- Low performers may be rewarded and not motivated to improve.

Factors Encouraging Appraisal Politics

- Raters are accountable to the individual being evaluated.
- Conflicting goals in the rating process.
- Appraisals tied to significant rewards.
- A company culture that tolerates inaccurate ratings.

Reducing Appraisal Politics

- Conduct calibration meetings where managers justify ratings and compare evidence.
- Identify rating inconsistencies and minimize political influence.

Giving Performance Feedback

Once performance is measured, the results must be communicated to the employee to support improvement.

01

Scheduling Performance Feedback

- Feedback should be delivered frequently, not just annually.
- Frequent feedback reduces surprises in the annual review.
- Helps improve employee motivation and engagement.

02

Preparing for a Feedback Session

- Choose a neutral, comfortable setting.
- Present the meeting as a two-way discussion.
- Ask employees to complete a self-assessment beforehand.
- Differences between manager and employee ratings become constructive discussion points.

03

Conducting the Feedback Session

There are three main approaches:

1. Tell-and-Sell – Manager explains the rating and persuades the employee to accept it.
2. Tell-and-Listen – Manager explains the rating and listens to the employee's viewpoint.
3. Problem-Solving – Manager and employee collaborate to improve performance (most effective).

Finding Solutions to Performance Problems

01

Purpose

Final feedback identifies performance gaps and strategies for improvement.

02

Improvement depends on employee ability & motivation

- Lack of ability: Provide coaching, training, detailed feedback, or redesign the job.
- Lack of motivation: Ensure fairness and adequate rewards; offer positive feedback, counseling, or stress-management support.
- Lack of both: Highlight the seriousness of the issue, withhold rewards, give specific feedback; if no improvement → demotion or termination.
- Lack of neither: High performers need growth opportunities, rewards, and continuous feedback to stay motivated and avoid turnover.

03

Organizational factors

Some problems stem from systems, resources, or management—review and improve organizational support.

Legal Requirements & Privacy in Performance Management

- Performance management systems influence major employment decisions such as pay, promotion, and discipline, making them vulnerable to lawsuits.
- Two common legal challenges:
- a. Discrimination claims (based on race, sex, age).
- b. Unjust dismissal (termination for reasons not stated by the employer).

Key Issues:

Performance ratings are often subjective and prone to errors. Raters tend to rate individuals of their own racial group more favorably. Gender stereotypes influence scoring, especially in traits like leadership (men seen as "strong," women labeled "pushy" or "weak").

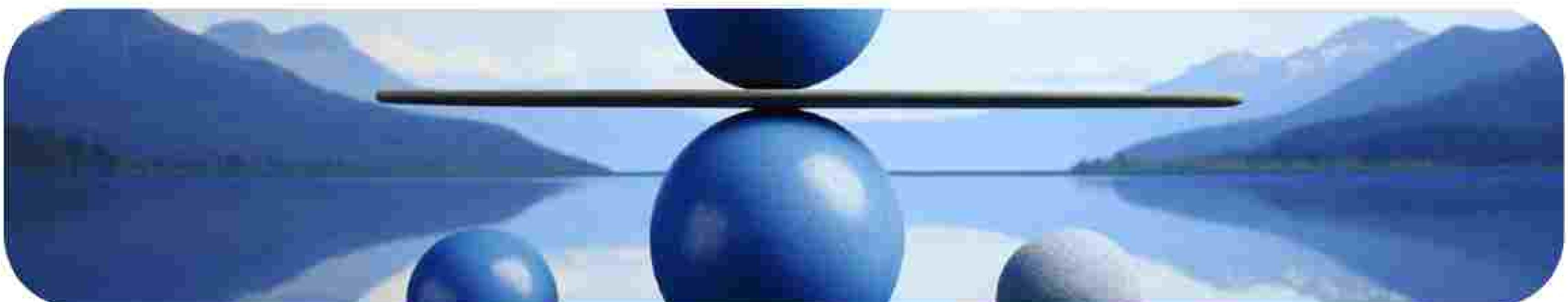
Legal Requirements:

Must comply with the Uniform Guidelines on Employee Selection Procedures. Cannot base employment decisions on protected characteristics such as race or age. Employers must show that terminations are based on documented performance, not retaliation or hidden motives



Characteristics of a Legally Defensible Performance Management System:

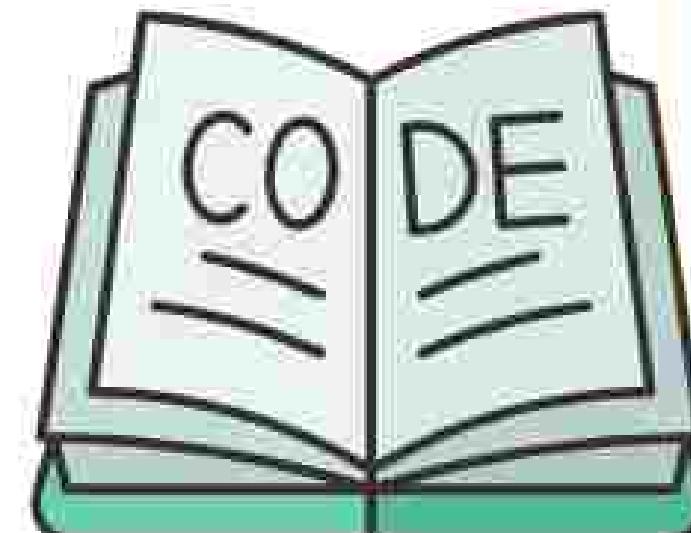
- Grounded in a valid job analysis with clear performance standards.
- Evaluates behaviors or results, not personality traits.
- Uses multiple raters, including self-assessments.
- Provides rater training to reduce bias.
- Includes upper-level review of ratings.
- Offers an appeal process for employees.
- Incorporates coaching and development opportunities, not just punishment





Electronic Monitoring & Employee Privacy

- Many organizations electronically store performance data and use devices, sensors, and software to track productivity.
- While electronic monitoring can improve performance feedback, it raises significant privacy concerns.



CONCERNS RELATED TO MONITORING

01.

- MONITORING WITHOUT CLEAR JUSTIFICATION IS VIEWED AS AN INVASION OF PRIVACY.
- EXCESSIVE MONITORING MAY CREATE AN "ELECTRONIC SWEATSHOP," TREATING EMPLOYEES LIKE MACHINES.
- EMPLOYEES SHOULD BE EVALUATED BASED ON RESULTS, NOT SOLELY ON SCREEN TIME OR HOURS LOGGED.

GUIDELINES FOR ETHICAL MONITORING:

02.

- MANAGERS SHOULD EXPLAIN WHY MONITORING IS BEING USED.
- MONITORING SHOULD SUPPORT COACHING AND DEVELOPMENT, NOT MICROMANAGEMENT.
- ORGANIZATIONS MUST PROTECT THE CONFIDENTIALITY OF ELECTRONICALLY STORED PERFORMANCE DATA