Bureaucracy versus high performance: Work reorganization in the 1990s

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Abstract

During the time of increased work reorganization, I investigate the components of bureaucratic and high performance work systems and the sources of variation in an organization’s adoption of bureaucratic and high performance practices. Findings from the 1996 National Organizations Survey suggest that the degree of workplace formalization, level of hierarchy, and number of departmentalization strongly indicate bureaucratic organizations, but the alleged high performance indicators of teamwork, skill enhancement, job autonomy, and innovative pay structures do not cohere to identify high performance work systems. Instead, teamwork and skill enhancement cluster to indicate one type of high performance work system, whereas job autonomy and performance-based pay constellate to identify another type. Multivariate analyses reveal that institutional mimetic isomorphism is the major factor that compels organizations to implement a certain work system. Organizations mimic their peers in their strategic adoption of different work systems. In addition, foreign market competition increases organizational adoption of teamwork and training programs to enhance skills.

JEL classification: L2; L20; L22

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Across continents corporate reconstruction has been at the top of employers’ agendas. Many business firms have accomplished unprecedented success through structural reorganization. For example, Wal-Mart has moved from the humble beginnings of a local five and dime to become a global powerhouse holding a lion’s share of the retail market in only a short couple of decades. Chief factors that produce such a success are the adoption of many high performance practices including teamwork, decentralization of decision making, and lean process to maintain low...
overheads (Obloj et al., 1995: 171). Other successful cases in work reorganization involve implementation of various forms of teamwork, such as cross-functional teams in IBM and Honda City, and problem-solving teams in American hospital systems (Obloj et al., 1995: 77).

However, despite decades-long studies on work structure transformation, researchers lack consensus on what constitutes transformed organizations, which are often labeled as high performance work systems (Osterman, 1994; Kalleberg and Moody, 1996; Cappelli and Neumark, 2001; Lawler et al., 1995; Godard and Delaney, 2000; Huselid, 1995; Cappelli et al., 1997: Chpt. 3; Appelbaum and Batt, 1994; Doeringer, 1991: Chpt. 9). A study on American workplace human resource practices with the 1991 National Organizations Survey measured high performance work systems with four indicators: decentralization, job training, performance-based compensation, and firm internal labor market (Kalleberg and Moody, 1996); another study used two waves of surveys of American manufacturing establishments to measure high performance work systems with five categories: self-directed work teams, job rotation, quality control, total quality management, and statistic process control (Osterman, 1994, 2000). The issue is complicated by subjectivity. Recently, a review of the new paradigm of human resource management practices identified several shortcomings in even identifying such systems: one of the most important is that high performance work systems are measured based on researchers’ judgment or preference (Godard and Delaney, 2000).

Although scholars discuss the issue that high performance work systems accomplish labor control and coordination in contrast to the methods in bureaucratic work systems (Cappelli et al., 1997: Chpt. 3), few researchers empirically investigate the changing workplace structures in relation to the traditional bureaucratic work systems. Studies suggest that high performance work systems contradict bureaucratic work management in human resources practices. Bureaucratic organizations adopt rigid work structures and task assignments to establish an assembly line model and facilitate mass production (Scott, 1998; Appelbaum and Batt, 1994: Chpt. 1). But the new economy of high performance work systems is characterized by product customerization and constant innovation (Knoke, 2001; Appelbaum and Batt, 1994: Chpt. 8), which provides fertile ground for production with flattened hierarchy, democratic work structures, and equal participation in the decision-making from all levels of workers (Osterman, 1994; Kalleberg and Moody, 1996; Lawler et al., 1995). However, in academia, the two work systems are not treated as in distinction from each other. For example, in recent empirical research on work systems, a set of essential indicators for bureaucratic work systems, such as personnel selection, performance evaluation, job design, grievance procedures, and promotion criteria (Marsden et al., 1996), are also used to measure high performance work systems (Huselid, 1995). Despite the empirical evidence that bureaucratic and high performance practices may be simultaneously present in one work organization (Yang, 2003), a clarification to demarcate the difference between bureaucracy and high performance work systems and to define the respective components is crucial to advance a scholarly understanding in this vein of work (Godard and Delaney, 2000).

The topic of work restructuring is highly significant for some theoretical reasons – from the perspective of economics, organizations undertaking structural transformation are investing in an important asset – their organizational capital (Tomer, 1987, 2001) to develop a more cooperative system of labor relations that elicits high worker effort and thus higher x-efficiency (internal efficiency) (Altman, 1996). This study investigates the defining characteristics of bureaucratic and high performance work systems and the factors that drive organizations to adopt these two distinctive work structures. Thus, it should enhance our understanding of the components of this important organizational capital and the antecedent factors leading to organizational investment in such capital. To this end, this study uses the exploratory factor analyses and multivariate regression to address the two issues with a national representative sample of U.S. work establishments: (1)
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