

HRM Quality Systems®

Eddie J. Velie

MGMT 628

March 1996

Executive Summary

No one can deny the growing prominence of quality management in our American culture. From the president of the US down through the military branches and through other government departments the quality message is being expounded. Indeed big business is getting the message through also by forming cooperative efforts with universities to produce graduates who are literate in quality management (Schonberger 67).

The Malcolm Baldrige National Quality Award (here after called Award) is our nation's top Award for quality and human resource management (HRM) plays a large role in the implementation of a quality program in corporations by making up 14% of the total points needed to receive the Award. The HRM department is responsible for HRM planning and evaluation, developing a high performance work system, employee education and training, and employee well-being and satisfaction as described in the 1995 Award criteria for the Award (US 46).

This literature review looks at the way company's use HRM practices to fulfill the requirements for competing for the Award. These innovative practices include participative management, incentive pay systems, broad banding, work redesign, performance management, compensation, benefits, education & training, recognition, and employee well-being and job satisfaction among other things. The term "high performance workplace" is used to describe the use of one or more of these practices for the Award in 1995 by merging the criteria for sections 4.2 and 4.4 from the 1994 Award criteria although there is no specific definition for the term (US 33; Frazis, Herz and Horrigan 14; Gephart 31). This paper describes the optimal high performance workplace.

These are the things that companies are experimenting with as we go through a cultural shift in our thinking away from blaming the employees to "employees are our most important asset" and blaming the processes for our quality and productivity problems.

Table of Contents

Introduction		Page 4
Chapter 1	Human Resource Planning and Evaluation	Page 6
Chapter 2	High Performance Work Systems	Page 8
	Participative Management	Page 8
	Work Teams	Page 8
	Performance Evaluation	Page 9
	Compensation	Page 10
	Incentive Plans	Page 10
	Executive Pay	Page 12
	Broad Banding	Page 13
	Awards	Page 15
	Skill Base Pay	Page 15
	Chapter Summary	Page 16
Chapter 3	Employee Education, Training, and Development	Page 17
	Formal Training	Page 17
	Quality Awareness	Page 17
	Chapter Summary	Page 19
Chapter 4	Employee Well-Being and Satisfaction	Page 20
	Flexible Benefits	Page 20
Chapter 5	Methodology	Page 21
Chapter 6	Conclusions	Page 22
Works Cited		Page 24

Introduction

The purpose of this research is to determine which HRM systems are most effective to produce optimal results for manufacturing, marketing, sales, distribution, etc. The HRM department leads the organization towards a quality culture because they must train, restructure, redesign jobs, and update performance evaluation systems to reflect quality values among other things. When you have a period of time and a goal, how do we systematically measure our progress towards company goals and which HRM systems allow for improvements in these measures?

The goal of this literature review is to break the HRM department down into its functions of training, compensation, performance evaluation, benefits, job design, employee recognition, and morale and well being to determine what is most appropriate for a quality culture. Second, I will identify how to measure the progress of HRM quality indicators that are comparable across different companies using the criteria for the Award.

The Award's scoring uses three broad definitions of approach, deployment, and results. Approach is defined as how the company addresses the item requirements or which HRM system is used considering appropriateness, effectiveness, and evidence of innovation as evaluation tools. For example, what type of compensation system does the company use and how does it support the Award requirements? "Evidence of innovation" is defined as the "significant and effective adaptations of approaches used in other applications or types of businesses" (US 69). This literature review clearly answers this question of; what are the best business methods to satisfy the Award's HRM criteria?

The delimitation's of this literature review is limited to literature available during the last five years. It deliberately avoids the government sector, private organizations, trade associations, and professional societies because they are excluded from applying for the Award. I can deduce this is because there is no measure of productivity (traditionally based on sales per employee), or financial performance measures. Quality excellence in these organizations also lacks the boundaries of restraining cost for the

sake of profit. The companies talked about in this paper are large corporations (500 or more employees) that are implementing a quality initiative (US 77-82).

Additional delimitation's are the lack of consideration of technology on the HRM performance in these corporations. Research suggests that HRM needs change during each of the five stages of organizational development (Baird and Meshoulam 68). To apply of the Award the company need only be over one year old (US 77-82). "Advances in Information Systems have increased the speed of customer feedback, creating pressure for companies to innovate in response to changing needs" (Gephart 31). It is safe to say that applying for the Award implies a sufficiently organized information system.

The value of this literature review will allow HRM professionals to determine where a company is in the evolution towards a quality culture and make recommendations for improvements in any of the functions of HRM and be able to measure the effectiveness of those recommendations.

The importance of this research is because recruitment, compensation, training, and performance management HRM systems ensure the entire company is successful at implementing the cultural change (Caudron 48). Many key elements, like employee participation, motivation, teamwork, job satisfaction, needed to have a quality culture is developed and implemented through HRM practices. If we can identify which HRM methods are best for certain organizations then the entire country can benefit through higher productivity and improved standard of living.

I found only one project on measuring the effectiveness of the HRM department instead of the HRM systems on the organization. Blackburn and Benson conducted research on HR products and services in July 1995. Evidence suggests that HR departments most effective at implementing the principles are ones within a corporation with a strong TQM culture.

Chapter 1

Human Resource Planning and Evaluation

“Describe how the company’s human resource planning and evaluation are aligned with its strategic and business plans and address the development and well-being of the entire work force” (US 46).

This section requires an analysis of the existing systems within the company in question. The analysis required here should be accomplished during the planning of the organizational change including HRM in the strategic planning of the company. At this point in time the company needs to establish the benchmarks that they will improve upon in order to measure the effectiveness of HRM systems in quality management. See exhibit 1 for a list of performance measures to benchmark.

To begin bench marking, the HRM department needs to gather all existing data or conduct surveys to determine where they are. Customer satisfaction surveys and employee satisfaction surveys are the primary tools for acquiring this information in addition to the employee personnel files. Sometimes a company needs to directly ask the employee about participation in decision making and satisfaction. For a complete HRM satisfaction survey see Attachment 1 of Velie and Nakasone.

See my paper, “*The Role of HRM in Quality Management*,” (1994) for the steps to an evolution of integrating the HRM department to a full participative organization and see also “*Does HRM Walk the Talk?*” by Blackburn and Rosen.

Linking to Strategic and Business Directions
Bench Marking HRM where the company is now!

Work Design	<ul style="list-style-type: none"> Union Management Partnerships Innovation Rapid Response Flexibility
Compensation	<ul style="list-style-type: none"> Linked To Shareholder Value Linked To Customer Satisfaction Recognition Awards For Quality Employee Benefits
Employee Development	<ul style="list-style-type: none"> Employee Education Level Employee Training Level Partnerships With Educational Institutions Partnerships With Other Companies
Recruitment	<ul style="list-style-type: none"> Hiring Criteria Quality mind-set Demographic Measurements (Expected And Planned)
Employee Related Data	<ul style="list-style-type: none"> Employee Satisfaction Absenteeism Turnover Safety Grievances Involvement Recognition Training Exit Interviews
Categories Of Employees	<ul style="list-style-type: none"> Work Assignments (Technicians, Administrative, Etc.)
Types Of Employees	<ul style="list-style-type: none"> Diversity (Age, Race, Gender, Etc.)

Exhibit 1 (US 46-48)

Chapter 2

High Performance Work Systems

Participative Management

“Describe how the company’s work and job design and compensation and recognition approaches enable and encourage all employees to contribute effectively to achieving high performance objectives” (US 48).

“Involving front-line workers in decisions within teams, job rotation, and cross training can reduce fatigue, help produce greater job satisfaction, and reduce absenteeism, and turnover problems.”

“Decentralization of work can result in better decisions by involving more people who have direct understanding of the issues at hand.” Of 29 studies 14 showed increased productivity, only 2 decreased and 13 remained the same (Kling 31).

Asking, suggesting, and conferring with the management and the employees is demonstrating participative management in loosely defined sense. A strict definition is formal teams assembled for various reasons like quality circles, work councils, safety & health committees, worker representation, etc. (Employee Participation 38). Participative management is what the management, employees, and union want. This is the key not only to a successful quality initiative but the key to some companies’ survival into the next century and HRM should lead this revolution (Employee Participation 40; New American Workplace 3; Gephart 31).

Work Teams

Address “how the company’s work and job design promote high performance. Describe how work and job design: (1) create opportunities for initiative and self-directed responsibility, 2) foster flexibility, and rapid response to changing requirements, and (3) ensure effective communications across functions or units that need to work together to meet customer and/or operational requirements” (US 48).

Several studies have suggested that high productivity and employee satisfaction can be achieved simultaneously. An October 1995 article in HRMagazine by Champion and Higgs proves this point. They address the staffing, training, performance management, job design, and employee relations (Campion and

Higgs 101-105). Teams play an important part in self management concept in quality and meet the definition of high performance work systems by answering the question above.

Performance Evaluation.

“Performance Evaluations and reward and recognition approaches might include peer evaluations, including peers in teams and networks” (US 48).

The father of the modern quality movement in Japan and the US, W. Edwards Deming, lists the “abolishment of the annual rating or merit rating and of management by objectives” as one of the seven deadly diseases that affects companies (qtd in Scholtes 349). Indeed many companies claim to have done abandoned performance appraisals and other researchers have reiterated what Deming wrote (Wilkinson 325; Poole, Rathgeber and Silverman 71; Scholtes 349). However, what some of the writers say is working in a quality environment is not a total abandonment.

Evidence suggests that companies believe they can have a quality program and performance evaluation. Some evaluations are of the small teams, large groups (a company division) and still some are done individually by the individuals internal and external customers and documented by a supervisor.

One case study of PQ Corporation implementing Total Quality Management (TQM) tells how they formed a team to redesign the performance evaluation, feedback and compensation system. They asked the customers (the employees and management) of the system what was wrong with it. Their answers revealed some of the same things that other authors have said were wrong with performance appraisals.

Performance appraisals do not serve the intended purpose(s) for a variety of reasons and are contradictory to a quality culture (Scholtes 350; Poole, Rathgeber and Silverman 68). Becker writes that employees fear revealing their mistakes in performance. This hides the “bottlenecks to performance” and hinders process improvement needed in TQM (28). Scholtes writes of debundling all the functions (promotions, layoffs, career development, training evaluations, etc.) that the performance appraisal system is supposed to do to rid the company of it. PQ Corporation claims to have “unbundled the activities usually associated with performance appraisal” (Scholtes 363; Poole, Rathgeber and Silverman 72). My point is that what PQ

arrived at is team based MBO because “each year the employees set individual and joint goals” against which they are measured. They moved from rating employees as doing a “good or poor job” to rating the employees as either improving, sustaining, or declining performance except the supervisor is to gather information from the employees internal customers to finish the evaluation (Poole, Rathgeber and Silverman 70).

In summary, “there are dozens of different ways to implement reward systems (and performance evaluation systems) that will complement quality programs” (Thornburg 58). In addition, companies are trying different ways to link the quality performance evaluation to compensation. Companies are experimenting with many different kinds of performance evaluation systems while clinging to scraps of the old paradigms and mixing them together. With a performance evaluation overhaul, a company should overhaul their compensation system. How do you control employee productivity without performance evaluation?

Compensation

“Address how the company’s compensation and recognition approaches for individuals and groups, including managers, reinforces the effectiveness of the work and job design” (US 48)

Incentive Plans: There are many different ways to compensate employees but there are best ways to get the performance that management wants in a quality culture. Since a quality culture is team based there must be incentive to behave like a team instead of individuals. Incentive, gainsharing and profit sharing plans are sometimes described interchangeably usually depending the basis of measurement. This variable pay is the most popular way to pay for group performance. Because an employees’ bonus is linked to their coworkers, they have a tendency to monitor their coworker's behavior (Welbourne and Gomez Mejia 580). Teamwork and participative management are enhanced. The employees cooperate with one another and management to increase productivity that increases their income. (Welbourne and Gomez Mejia 560). One study of 841 manufacturing firms found higher productivity ranging from “5% to 25% depending on whether the firm was unionized, or used work teams or both (Kling 31).

A report written by the company HRM manager of Duke Power Company claims success in implementing a quality program and “a reward system that includes hourly pay for performance” (among other things) for non exempt employees (Wilkinson 325). According to Steve Gross, the Hay Group’s national director for variable compensation, “the best *base-pay* system will measure behavioral competency and not accomplishments while the *pay-at-risk* (variable pay) component of the reward system can be tied to accomplishment factors” (qtd in Thornburg 58). Zingheim and Schuster also claim that “linkage between pay and quality can best be accomplished through the use of group variable pay” and should not be included in base pay. They argue that “there is no practical way to measure and reward quality results and outcomes on an individual employee basis” (55). I will look at base pay later in this chapter.

**Linking Group Variable Pay with Quality
By measuring Against Company Values**

- | |
|---|
| <ol style="list-style-type: none"> 1. Cost 2. Profit 3. Productivity 4. Operating income over budget 5. Warranty expense under targeted percent of sales 6. Customer retention 7. Timeliness and accuracy 8. Achieving volume goals 9. Customer satisfaction through surveys 10. Return on Equity and Set objectives (Wilkinson 327) 11. Team performance 12. Safety record 13. Percent rejects |
|---|

Exhibit 2 (Zingheim and Schuster; Welbourne and Gomez Mejia)

Variable pay can be tied to different company wide performance measures. Each company needs to identify which performance measure best rewards for quality initiatives and establish a bonus system to yield optimal results. The difference may be the type of business. There are many different ways to use variable pay using cost control, profit and productivity with different twists (Zingheim and Schuster 60; 559) (see exhibit 2).

The variable pay plan for Duke Power allows “groups to set their own objectives that are then measured with the groups return on equity determining a cash Award for employees in the unit.” “If the company reaches its anticipated ROE, and the unit achieves its objectives, employees receive a cash pay out” (Wilkinson 325). I like to cite the Duke Power Company example because a power utility holds an arguably near monopoly on their market. In contrast the organization does not behave as a normal free market firm but behaves much like a government organization. For example, hourly pay for performance, groups setting their own objective for bonuses and awarding time off will certainly lead to low goal setting and less process improvement. However, Dukes executive compensation seems to be to target with the rest of the country.

Executive pay: Executive compensation used to be mostly base salary increases that depended on good performance from the employees but now that is turning around. The trend is towards smaller base pay increases and more toward the stock price performance. “Nationally, there has definitely been a slowing in the growth level of base salaries,” said Matt Ward, an executive compensation analyst with Watson Wyatt Worldwide in San Francisco. “You don’t see raises in base pay at all and the bonuses are directly tied to performance” (qtd in Zimmerman 1). *The Wall Street Journal* reports that “Roughly 75% of companies last year obtained shareholder approval for at least part of their performance-based executive pay plans, up from about 52% the year before, according to an analysis of corporate proxy statements” (qtd in Lissy and Morgenstern 20). This is all good news for quality proponents who argue that executive pay should be tied to quality measures. In many cases the executive performance pay is based on the same criteria as the employees.

“For the new plan at Duke, executive merit increases and incentive pay are at risk if certain objectives are not met. These are more difficult corporate objectives with measures tied more closely to the company’s ultimate financial performance than those in the employee incentive plan. “Executive success now means success for employees in achieving objectives, not vice versa” (Wilkinson 325).

The general trend in executive pay shows stock holders and employees alike are tired of executives being paid exorbitant salaries even when the stock price declined that year. The stock holders do not want to pay if they have not been paid. In addition as the popularity gainsharing grows the employees do not want to see executives be paid high salaries at their expense. This is the way it should be.

% Company Use of Executive Variable Pay

Short Term	
Return on Equity	37%
Net Income	32%
Earnings per Share	29%
Stock Price Appreciation	27%
Pretax Profit	23%
Long Term	
Stock Price Appreciation	52%
Return on Equity	32%
Earnings per Share	29%

Exhibit 3 (qtd in Lissy and Morgenstern 20)

Broad Banding: “Hierarchical pay structures seldom have a place in a team-based environment” (Bergel, 34). “Traditional American management is, culturally speaking, individualistic. Managers are used to presenting and using their ideas (with MBO) to climb the corporate ladder at the expense of other people. A quality culture is less tolerant of rising stars because they are counter productive to team work. “The best way to deal with these fast track employees is through career management rewards by promoting them” (Thornburg 60). However, in a hierarchical structure a promotion is viewed as vertical. Broad banding creates fewer base pay grades and a lateral move could be seen as a promotion.

“A reduction in the number of salary grades is designed to foster teamwork, job flexibility, and the development of skills in a delayered organization.” “A typical broad band could embrace a range of positions with a salary variation greater than 100%” (Plishner 22; Milkovich, Newman and Milkovich 53).

“At Union Carbide base salaries are set so that some profit sharing must be earned to make pay competitive, but there has been at least some lay out in every year.” “The smallest was 2.5 days in 1992

and the employees will get a record 24.5 days pay as bonus for 1994” (Plishner 22). This strategy will definitely make people work as a team.

Broad Banding Benefits

- Provides alternate career tracks for non-managers
- Provides wider salary ranges
- Requires fewer grade levels and titles
- Opportunity to expand rewards to lateral job moves
- Eliminates barriers to communication (level, title, and status)
- Less structure
- Flexibility has a positive impact on motivation
- Reduces time and effort of too many grades
- Careers spent in on band improves innovation (non-hierarchical)
- Supports evolving, less formal structure of work

Exhibit 4 (Bergel 34; Ledford 46-48; Milkovich, Newman and Milkovich 53)

Broad Banding and Pay Delivery

Career development pay rewards	Increased flexibility Lateral job movement Skills Knowledge Ability
Skill Based Pay rewards	Acquisition of work related skills Increased flexibility Lateral job movement Skills Knowledge Ability
Merit Cash rewards	Re-earn lump sum awards

Exhibit 5 (Bergel 35)

“Banding builds jobs around individuals and their talents instead of tasks, and allows for a flattened organizational structure. Specifically, 1,500 job titles and 250 salary ranges were transformed into 13 broad salary bands to create a new system that rewards teamwork, lateral movement and skill development, rather than offering promotions through a rigid vertical hierarchy. "The variable pay component of salary banding rewards employees, no matter where they stand in relation to their salary

ceiling, for performance that contributes to the company's success" (Wilkinson 325). There are other ways to pay for broad banding such as career development pay and Merit cash.

Awards

At Duke power they issue an excellence Award of \$100 or a half of a day off to individuals or groups for behavior that demonstrates a quality effort such as a process improvement as judged by their peers and supervisors. This is different from the view presented by Thornburg because they are extending it to groups and Awarding cash or a half day off instead of just the recognition (Wilkinson 325; Thornburg 60). "Companies should consider recognition Awards for these high achievers if it is fitting with the corporate culture but cash rewards are probably inappropriate since we want to pay for quality and not individual effort" (Thornburg 60).

Awards

- Recognition Day for individual and teams
- Individual Incentive Recognition
- Seniority Recognition
- Recognition Gifts
- Acquiring skills recognition and bonuses
- Excellence Awards for teams
- Newsletter publicity of achievements

Exhibit 6 (Caudron 8; Wilkinson 325; Clinton; Williamson and Bethke 17)

Awards can be bonuses for some company's. A high technological industry's, like computers, may require skills that become obsolete sometimes before they can be validated by the skill based pay system. In these cases employees have incentives to continually upgrade their skills (Ledford 49). See exhibit 6 for other awards that support group variable pay, broad banding, and skill based pay.

Skill Based Pay

"Describe how education and training address: key performance objectives, including those related to enhancing high performance work units; and progression and development of all employees" (US 49).

"Skill based pay is a perfect fit for most team based work systems that rely on high levels of cooperation, flexibility, self management to achieve operating efficiencies and to improve quality." "80%

of companies in a recent American Compensation Association study rated their skill based pay programs as either effective or very effective” (Bergel 35).

Managers can participate by mastering managerial skills as well as other professionals with learning contracts that promote continual learning (Ledford 48). When workers are cross trained to other jobs by practicing job rotation or through formal training, they become flexible to move to positions where bottlenecks in production occur. Factories can avoid shutdowns, slowdowns, have better maintenance at less expense, anticipate problems better and improve quality.

Two methods most popular are group meetings and formal training. One study of 155 manufacturers found increasing formal training from 15 to 30 hours would produce 7% fewer rejects from the line (Kling 30). Group meeting can be used to discuss ideas that will lead to productivity increases. Management may have to guarantee job security to get workers to offer up suggestions. Increasing productivity will cause slack at some positions but flexible job rotation will be the norm for them to help someone else’s position instead of being bound by strict job descriptions. “Thus, a system of work practices designed with such complementarities in mind will likely result in greater improvements in firm performance” (Kling 33).

Chapter Summary

In summary of section 4.2 of the Award criteria, there seems to be a growing consensus as to what a “high performance work system” is but there is no one formula for all organizations (Gephart 31). This term was just incorporated into the Award criteria in 1995 by merging the criteria for sections 4.2 and 4.4 from the 1994 criteria (US 33) and it is attracting some of the most credible publications in the industry to write about it.

Chapter 3

Employee Education, Training, and Development

“Describe how the company’s education and training address company plans, including building company capabilities and contributing to employee motivation, progression, and development” (US 49).

Formal Training

The bureau of labor statistics conducted a survey of over 8000 businesses in 1993 (published 1995) to investigate employer provided training in an attempt to assess US competitiveness problems in the global market place. The survey defined formal training as having a planned curriculum, conducted anywhere, written or demonstrated for a supervisor, and documentation was not required. On-the-job training is an impromptu response to a question by an employee (Frazis, Herz and Horrigan 3). A high performance work place is “without exception” more likely to provide formal training for employees (Frazis, Herz and Horrigan 3).

Ways To Measure the effectiveness of job skills training

<p>Supervisors overall evaluation Fewer employee mistakes Employee’s own opinion Written tests General effects Reduced absenteeism Lower turnover</p>
--

Exhibit 7 (Frazis, Herz and Horrigan 3)

Quality Awareness

The first thing HRM needs to do is train all the employees on quality awareness. This includes the board of directors, mid-management, and line workers. Quality awareness training will teach the employees process analysis, process simplification, waste reduction, cycle time reduction, error proofing, and interpreting and using data (US 49; Clinton, Williamson and Bethke 16).

Some companies, like Coca-Cola, train teams as they form to use the tools of quality management. Team training includes improving skills in brainstorming, listening, consensus decisions, and training other members (Caudron 18; US 49).

Customer contact training is very important for a company's front line sales people. They should be aware of knowledge of products and services, listening, assisting, customer retention, and expectations (US 49).

"In developing TQM programs, efforts should be aimed at an integrated approach to the instruction process." "Training objectives should be directly helping employees reach the goals set forth for their individual jobs and the overall goals of the organization" (Clinton, Williamson and Bethke 15). This is yet another reason that skill based pay is best suited for a quality culture.

**% Of Companies With a High Performance
Work Place Practice Providing Training**

High Performance Practice	Total Responses	Percent Providing Training
All Establishments	4,501	70.9%
Just-in-time-inventories	362	73.7%
Worker Teams	436	83.6
Total Quality management	655	86.6
Quality Circles	147	89.5
Peer Performance Appraisals	340	89.
Pay for Knowledge System	305	84.8
Employee involvement in purchasing decisions	491	84.5
Job Rotation	387	84.6

Exhibit 8 (Frazis, Herz and Horrigan 12)

Types of Formal Training

- **Orientation training** that provides information on personnel and workplace practices and overall company policies.
- **Safety and health training** that provides information on safety and health hazards, procedures, and regulations.
- **Apprenticeship training** that is a structured process by which individuals become skilled workers through a combination of classroom instruction and on-the-job training.
- **Basic skills training** in reading and writing, arithmetic, and English language skills. 56% of firms use this to lower errors and waste (12)
- **Workplace practices training** in policies and practices that affect employee relations or the work environment.
- **Job skills training** that upgrades employee skills, extends their skills, or qualifies workers for a job.

Exhibit 9 (Frazis, Herz and Horrigan 3)

Types of Organizational Training

<u>Quality Principles</u>	<u>Customer</u>
Process Analysis	Knowledge Of Products
Process Simplification	Knowledge Of Services
Waste Reduction	Assisting
Cycle Time Reduction	Customer Retention
Error Proofing	Expectations
Interpreting And Using Data	feedback analysis
<u>Team Training</u>	<u>Skills Training</u>
brainstorming	Sales
listening	Management
consensus decisions	Leadership
training other members	Communications
<u>Other Training</u>	<u>Orientation Training</u>
Conflict resolution	On the job safety
Negotiations	Quality
Interpersonal Skills	Company policy
Quality Training for suppliers	

Exhibit 10 (US 49; Clinton; Williamson and Bethke 15; Caudron 18; Frazis, Herz and Horrigan 4)

As one can see there are many kinds of formal training. Each company should decide which of these training ideas it values the most. Some should be included in the orientation training and some will be job specific. Frazis, Herz and Horrigan claim several times in their research on pages 9, 16, and 17 that there is a positive correlation between training provided and the number of benefits offered by the company. In addition, both training and benefits indicate the company's desire to retain long tenure employees.

Chapter 4

Employee Well-being and Satisfaction

Flexible Benefits

“Describe how the company maintains a work environment and a work climate conducive to the well-being and development of all employees” (US 50).

Employee surveys on work and family issues can identify what people want, like more flexibility in scheduling their work and assistance with areas such as child and elder care. "Taking a pro-active role in the area of changing family patterns and work force lifestyles, the company offered a benefits package weighted in favor of helping employees balance the demands of work and family” (Wilkinson 325).

Flexible benefits allow employees to change their benefit packages to fit their needs as they go through life changes. For example, a person with a family may want more life insurance and medical coverage as opposed to a single person who may not have a need for family medical coverage. In addition, flexible benefits save the company money when they do not have to pay social security taxes on item such as child care expense accounts. This then satisfies objectives of a quality environment for reducing costs and employee satisfaction.

Safety and Health

Safety should be made part of the culture of any corporation. When safety is part of the culture it becomes natural and accepted as part of the job to the point employees gladly look out for each other and themselves as part of a team. The objective is that everyone can identify and terminate safety hazards and then take steps to prevent reoccurrence. Therefore acceptance can be taught through training by the informal group leaders setting an example as safety program administrators (Velie, Cultured 10).

Other areas to address in the well-being category are personal and career counseling, career development, employability services, recreational and cultural activities, outside education, community service, flexible work hours, etc. (US 50). “Employee satisfaction, well-being, and motivation information

might involve developing priorities for addressing employee problems based on impact on productivity” (US 51). These things and others should be measured against the benchmarks discussed in chapter one.

Chapter 5

Methodology

Sampling for this research paper is accomplished through computerized searches through Magazine Database Plus (MDP) and Business Database Plus (BDP). These services let you retrieve full-text articles from more than 250 and 750 (respectively) general-interest and business publications dating back to 1986. Both of these services offer a graphical interface for use with Windows software and several options for search criteria. BDP samples of titles include *HRMagazine*, *Monthly Labor Review*, *Forbes*, *Training and Development*, *Kiplinger's Personal Finance*, and *National Review*. BDP lets me search more than 750 business magazines, trade journals and Industry Newsletters (two years' worth). These services are invaluable for providing me with reliable, business information that is current with what is happening in the business world. The disadvantages of these services are the cost, and the loss of graphics.

Additionally, the world wide web has hundreds of government sites for gathering information. I accessed several of these sites to gather information on the Award criteria. This cutting edge research method creates unique problems when citing the sources but they correlate with the closest MLA samples given in the *MLA Handbook*. It should be mentioned here that if you are verifying information from this paper, the page numbers will probably not match the original publication because of the differences in text characters such as point size, margins, and use of true type fonts or magazine pictures, charts, and columns.

Chapter 6

Conclusions

HRM strategy comes together in a quality environment when compensation and rewards are tied to company performance through variable pay and profit sharing. This provides the foundation for team based performance evaluation if any performance evaluation is used at all. The employees, middle

management and executives have their pay based on the same company objectives that are measured. The flat pay structure of broad banding fits the job structure of skill based pay. This improves the flexibility of the work force to want to cross train and rotate jobs as the global competitiveness of the company increases. Training is on going from new employee orientation to skill based training for specific jobs. This system reduces the individualism, promotes team work and increases job satisfaction.

The Optimal HRM Systems for Quality Management

High Performance Work System

1. **Participative Management** - Provides job satisfaction, reduces absenteeism, and turnover problems.
2. **Work Teams** - Can provide high productivity and job satisfaction simultaneously.
3. **Performance Evaluation** - None at all, team based, peer evaluation.
4. **Variable Pay Plans** - Includes gainsharing, profit sharing, executive pay
5. **Broad Banding** - Provides communication, flexibility, cooperation, lateral promotions, and cross training.
6. **Awards** - Based on individual incentive recognition, Seniority, Acquiring skills, Team awards.
7. **Skill Based Pay** - Provides employee learning, flexibility, willingness to help other positions.

Employee Education and Training

1. **Orientation** - Should include quality, safety, and company policies.
2. **Quality Awareness** - Process analysis and simplification, waste reduction, error proofing, etc. .
3. **Team Training** - Includes brainstorming, listening, consensus decisions.
3. **Formal Training** - Management, Customer, computers.

Employee well-being and satisfaction

1. **Flexible Benefits** - full line of benefits including child care assistance.
2. **Educational assistance.**

Figure 11

Works Cited

- Baird, Lloyd, and Ilan Meshoulam. "Getting A Payoff From Investment In Human Resource Management." Business Horizons Jan.-Feb. 1992: 68+. Business Data Base Plus, Reference # A11874524.
- Becker, Brian A. "How People Experience Evaluation Of Performance." Compensation and Benefits Review Sept.-Oct. 1995: 28+. Business Database Plus, Reference #: A17621442.
- Bergel, Gary I. "Choosing The Right Delivery System to Fit Banding." Compensation and Benefits Review July-August 1994: 34+. Business Database Plus, Reference #: A16309564.
- Blackburn, Richard, and Benson Rosen. "Does HRM Walk The Talk?" HRMagazine July 1995: 69+. Business Database Plus, Reference #A17152489.
- Campion, Michael A., and Catherine A. Higgs. "Design Work Teams to Increase Productivity and Satisfaction." HRMagazine Oct. 1995: 110+. Business Database Plus, Reference #: A17605616.
- Caudron, Shari. "How HRM Drives TQM." Personnel Journal August 1993: 48. Business Database Plus, Reference #: A14507081.
- Clinton, Roy J.; Stan Williamson, and Art L. Bethke. "Implementing Total Quality Management: The Role of Human Resource management." SAM Advanced Management Journal Spring 1994: 10+. Business Database Plus, Reference #: A15703603.
- "Employee Participation And Labor-Management Cooperation In American Workplaces." Challenge Sept.-Oct. 1995: 38+. Reference #: A17448553
- Frazis, Harley J., Diane E. Herz and Michael W. Horrigan. "Employer-Provided Training: Results From A New Survey." Monthly Labor Review May 1995: 3. Magazine Data Base Plus, Reference #: A17038136.
- Gephart, Martha A. "The Road To High Performance." Training and Development June 1995: 29+. Business Database Plus, Reference #: A17184366.
- Kling, Jeffrey. "High Performance Work Systems And Firm Performance." Monthly Labor Review May 1995: 29+. Magazine Database Plus, Reference, #: A17038140
- Ledford, Gerald E., Jr. "Designing Nimble Reward Systems." Compensation and Benefits Review July-Aug. 1995: 46+. Business Database Plus, Reference # A17415971.
- Lissy, William E., and Marlene L. Morgenstern. "Currents In Compensation And Benefits." Compensation and Benefits Review Nov.-Dec. 1995: 15+. Business Database Plus, Reference #: A17797447.
- Milkovich, George T., Jerry M. Newman and Carolyn Milkovich. Cases in Compensation, Fifth Edition Ithaca: Milkovich, 1994.
- "New American Workplace: A Labor Perspective." A Report By The AFL-CIO Committee On The Evolution Of Work Washington, DC: AFL-CIO, February 1994.
- Plishner, Emily. "Pay-For-Performance: Driving It Deeper. Aligning Employee And Shareholder Interests." Chemical Week 8 March 1995: 22+. Business Database Plus, Reference #: A16671499

- Poole, Jeanne C.; William F. Rathgeber III and Stanley W. Silverman, "Paying For Performance In A TQM Environment." HRMagazine Oct. 1993: 68+. Business Database Plus, Reference #: A14560436.
- Scholtes, Peter R. "Total Quality Or Performance Appraisal: Choose One." National Productivity Review Summer 1993: 349+. Reference #: A14362435
- Schonberger, Richard J. "TQM: What's In It For Academics?" Business Horizons Jan.-Feb. 1995: 67+. Business Database Plus, Reference #: A16791182.
- Thornburg, Linda, "Pay For Performance: What You Should Know." HRMagazine June 1992: 58+. Business Database Plus, Reference #: A12719527.
- United States. Dept. of Commerce. National Institute of Standards and Technology. The Malcolm Baldrige National Quality Award, 1995 Award Criteria. Oct. 1994. Web Page: [Http://www.nist.gov/quality_program](http://www.nist.gov/quality_program).
- Velie, Eddie. "Cultured Organizational Safety." Unpublished Safety Program Hawaii Pacific University. Sept. 1995.
- . "The Role of HRM in Quality Management." Unpublished Research Paper Hawaii Pacific University. Dec. 1994.
- Velie, Eddie, and Keith Nakasone. "Is The Vision a Reality?" Unpublished Case Study Hawaii Pacific University. October 1995.
- Welbourne, Theresa M., and Luis R Gomez Mejia. "Gainsharing: A Critical Review And A Future Research Agenda." Journal of Management Fall 1995: 559+. Business Database Plus, Reference #: A17154321.
- Wilkinson, Janis G. "Duke Power Integrates Employee Rewards With Its Business Vision Of Excellence." National Productivity Review Summer 1993: 325+. Business Database Plus, Reference #: A14362425
- Zimmerman, Rachel. "Execs' Pay More Directly Linked To Performance." Business Journal-Portland 28 July 1995: 1+. Business Database Plus, Reference #: A17366471
- Zingheim, Patricia K., And Jay R. Schuster. "Linking Quality And Pay." HRMagazine Dec. 1992: 55+. Business Database Plus, Reference #: A13604262.