

## **The case study: Achievement based compensation system Khon Kaen University Printing House**

### **1. The organization backgrounds**

Khon Kaen printing house was founded in 1994. The firm goal is printing service for Khon Kaen University, located at Khon Kaen province in the northeast of Thailand. The substantial evolution began from the center of producing academic documents. Their office was in the library of the university. The printing house has grown from the success of operations and laying a solid foundation from management and personnel in the first and later generations. It has enough money to build a new office building. The growth and advancement of the printing house come from the administrators' employees from the founding era to the present.

In 2014, the new management team made a strategic plan for Khon Kaen University printing company. By defining the vision to be the Diamond developer for the land of Thailand. It aims to be a leading organization in the tertiary publishing industry. The plan's first phase is to improve the printing house's work system to be highly efficient by enhancing the production and service quality system, including improving the quality of marketing and customer service, manuscript design, develop modern accounting and financial systems. To improve production and post-printing production standard. Most importantly, the management team paid attention to all levels of the personal development plan. In the organization's development, the executives analyzed each issue as follows.

#### **1.1 The current environment of the printing industry**

The changing of the business environment, the development of technology, social and culture change. There is a direct influence on the growth and development of any industry. At present, Thailand is developing industry 4.0, which uses technology, computers, software, AI to apply in their work. In the form of one part of the machine, organize machine thought computer system, using internet technology in their jobs. Significantly, the internet of things is a concept of including the internet in all things, for example, Including the Internet connection to be used to command the machine to work remotely, Including communication and interaction between devices through the Internet network.

The advancement of technology is evolving rapidly. Affects the economic development of each country significantly. In the past, the world society still received information unequal (Information asymmetry) when the development of the Internet spread throughout the world. A network can connect affect the spread of information, especially the body of knowledge developed and spread around the world easily and quickly via the Internet. As a result, each country has developed new products and services that are currently competing in the economy of countries around the world. There was a massive increase in violence. In the past, superpowers' powers were created through military and occupation methods. But nowadays, each country's power expansion is done through military and commercial means. From the main factors as previously, these are strong influences that affect the changes in the economic environment composition of the printing industry as follows.

##### **1.1.1 Economic environment**

The current situation of the macroeconomic environment: Thailand currently has an increasing amount of capital reserves. And the baht is stable. At the same time, the world economy is in recession due to many factors, including the Covid-19 epidemic,

Conflict between the United States and China, Economic sanctions from the United States against North Korea Iran, these long-standing conflicts between Palestine and Israel. Affects the investment climate and overall economic development of the world.

Covid-19 epidemic situation Since the end of 2019, it has been two years since the present (2022) that there is still an epidemic and a mutation of Covid-19. Causing the number of infected people in many areas of the world, including Thailand's Covid-19 epidemic, directly affects the business sector and has a broad impact on the tourism industry Service and hotel business Affected by the country's lockdown during the epidemic Flights and hotels have been canceled. Directly affecting the supply chains of such companies Consumers' consumption patterns have changed their behavior. New businesses were born in the market, and at the same time, outdated companies that couldn't adapt to it were shut down. Consumers' purchasing power has declined dramatically due to the economic slowdown.

The current employment situation in the country found that employment at the minimum wage rate increased as announced by the government. And the number of workers in some occupations has a shortage of skilled workers. At the same time, prices of goods and services have not fluctuated much. Prices have come to a level expected or projected by the entity. But on the other hand, deposit interest rates were found to be very low. To compare with the loan interest rate Affects financial investment decisions That allow investors to consider alternatives to investing their capital other than depositing money at the bank for higher returns.

The main economic issues affecting the printing industry are the Covid-19 situation, international trade competition. The global economy has slowed growth in many regions. The increased cost of living Increased minimum wage But at the same time, the development of the domestic economy has been delayed due to the Covid-19 situation. From such conditions, both the opportunities for expansion of the printing industry. Go to both domestic and international markets.

### **1.1.2 Political factors**

The political and governance situation of the country affects the formulation of business strategies. Government policies and laws, especially those related to the printing industry, affect business operations. Thailand 4.0 policy supports the development and use of technology in operations, such as robotic technology in productions, technology in services, Internet technology to provide government services, etc. These affect the printing industry's growth, which is by the trend of the industry situation. At present, the government pays attention to developing the country's environment and driving waste reduction, reusing, reducing paper use, and formulating government work processes towards digital documents. From the situations above and the reasons it affects the printing industry, the volume of demand in the market has decreased.

### **1.1.3 Technology factors**

Today's technology has developed and has made significant progress. Both communication technology computer network Wired and wireless, internet broadband expansion, machine manufacturers have developed new production technologies that make the machine work with higher efficiency. A computer system controls the machine, including remote communication with devices via the Internet. In addition, with the development of wireless network technology, the cost of use is significantly reduced. As a result, the number of mobile device users has increased several times compared to the past.

Technology that has a direct and severe impact on the printing industry is computer technology and the Internet network. Due to the capability of technology that can

store enormous amounts of data and retrieve data at any location via the Internet, media publications have shifted from printing on paper to keeping them as data files and presented in digital media instead. The changing direction of such technology affecting the publishing industry decreased the volume of certain types of printing such as books, journals, but some types of printing have increased due to the significant market demand, such as packaging.

#### 1.1.4 Social and cultural factors

Society and culture have changed dramatically due to the development of information technology that has significantly advanced. As a result, society has changed its values, and some cultures are in line with the changing environment. Such changes affect people's behavior in the community, such as the popularity of reading news from newspapers. Nowadays, people choose to follow the information through various online media. Moreover, public telephone communication has declined in popularity due to the replacement of mobile phones. In addition, there is also a new form of communication, including sending messages through various social media.

The popularity of reading, researching information through digital online media has increased. Various knowledge It can be easily found and searched through the internet. As a result, the popularity of books among readers has declined dramatically. In addition, information on the internet is updated rapidly. Data creators can make improvements at any time. As well as being able to present through a mix of text, images, and sounds from real-life locations. As a result, news consumers have more options for receiving information through various communication channels.

In addition, today's society has noticed that parents with purchasing power pay more attention to the child's development than in the past. This causes the need for modern learning materials to increase even more. Therefore, the change of socio-cultural has the effect of expanding the business opportunity of the printing industry for the development of new products to the market. On the other hand, it is the limitation of traditional print media that its popularity has dropped considerably.

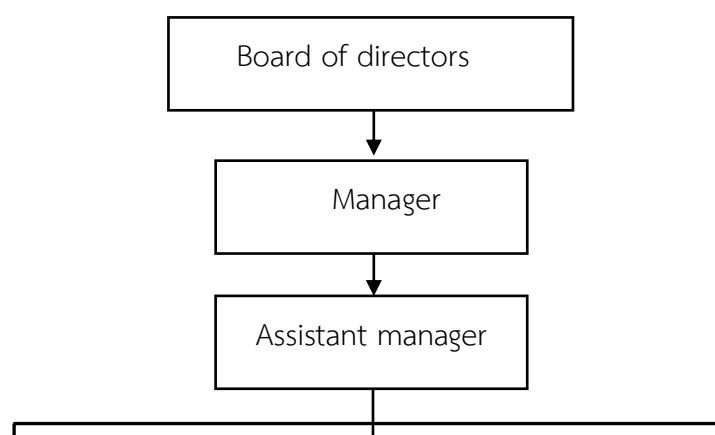
In summary, the current environment of the printing industry is both opportunities for business development by expanding into new markets, adding new product lines to the market, and applying new technology to the operation. On the other hand, the current environment also hinders the growth of certain print media products.

## 2. Organization analysis

Before proceeding with the strategic planning of the Khon Kaen University printing house, the new management team has studied the information of the printing house to be analyzed for strategic planning. The information of the printing house in 2014 is as follows:

### 2.1 Organization structure

The administration of Khon Kaen University printing house in 2014 has the following organizational structure:



Picture 1: Organizational structure of Khon Kaen University Printing House, 2014 (before organization improvement)

Data from figure 1. The original organizational structure consisted of one manager, one assistant manager, and 22 employees, all of which depend directly on the assistant manager and manager. The employees in each job have information as follows.

**Table 1 Number of Employees and Qualification**

No.	Tasks	Employees	Qualification
1	Marketing	1	High Vocational Certificate
2	Graphic design	3	Bachelor
3	Make the manuscript and check the quality.	1	Bachelor
4	Make the manuscript	1	High Vocational Certificate
5	Finance	1	High Vocational Certificate
6	Accounting	1	High Vocational Certificate
7	Administrative and Supplies	1	Vocational Certificate
8	Printer	3	Grade 6 - Secondary School Year 3
9	Mold print maker	1	Secondary School Year 3
10	Cutter	2	Grade 6 - Secondary School Year 6
11	Copy worker	1	High Vocational Certificate
12	Blinding worker	1	Secondary School Year 3
13	General staff and help with binding	1	Secondary School Year 3
14	General staff	2	Secondary School Year 3
15	Temporary worker	1	Grade 6

No.	Tasks	Employees	Qualification
Total		21	

During the past until the middle of 2014, the staff's operations were under the supervision of the assistant manager, which the manager has assigned. From the information on the potential development of employees in various fields, it was found that the employees' skills were not developed, and lack of continuous training to improve the quality of work. It was found that there was no written job description in each job position. Employees work as they are doing. Assistant managers assess annual performance appraisals. Year-end after the closing of accounts and financial statements, If the Board of Directors considers it profitable, the award will be given to employees up to 10 percent of net profit. In comparison, the salary increase is not more than 5 percent of the current salary.

## **2.2 The organizational potential**

### **2.2.1 Sale and marketing**

The potential for sales operations is minimal. Because there is only one marketing staff to provide marketing and sales services to users, in the production of print media, marketing staff The cost of production must be evaluated for each customer. The price will vary depending on the number of pages of the book. Different features of each product In which the appraisal will have an assistant manager responsible for estimating the selling price as well. However, there was a problem of not service users in time if many users were coming together.

The market potential shows that the printing house has minimal potential as the sale. The firm's reputation is not widely known. And most users are not satisfied with the quality of work and price. The user commented that the quality is not beautiful and is more expensive than other manufacturers. Therefore, most of the revenue from the printing house is mainly from the university, which is income from government budget disbursement. When the source of income is limited therefore affecting the growth of income that is not high

### **2.2.2 Design**

Graphic design potential found that employees use low capability personal computers, it caused the delays processing of the design jobs, and employees do not develop design skills. Consequently, customers have reprimanded that the design is not gorgeous and not updated. As for the arrangement of the artwork, it was found that the customer has always complained that many errors were not reviewed for proofreading. The booklet layout is not attractive and not up to date, and late to send the job back to the customer for review.

### **2.2.3 Production**

The offset printing production potential of the printing house in 2014 found that the machine used were obsolete. The service life of the appliance is approximately 20 years. Only 50% of the capacity specified by the model can be used at total capacity. The operation of the device is slow, inaccurate, resolution, and sharpness are not as expected by service users. As a result, there are frequent complaints that the quality of work is not good. It was also found that the typist staff did not develop their skills. They do their job as told and lack quality approval on printouts. It affects the amount of waste in production is relatively high.

#### **2.2.4 Postprint**

For post-printing, it consists of sub-tasks; paper collation, paper cutting, document copying, bookbinding, and shipping. The management team's analysis found the same problem as other departments. Employees do not have the training to develop skills and knowledge in the workplace. They worked with learning something through the back doors in the past. The post-printing machine tools are obsolete, low efficiency. As a result, the delivery of the work to the service recipient is delayed, and there are still errors from working intermittently.

#### **2.2.5 Financial and Accounting**

The potential of accounting and finance operations was found bookkeeping is also done in traditional books. The software has not yet been used to make transactions and record financial and accounting. Cost accounting data is not stored, and systematic cost analysis is not performed. This caused the firm not to have the production cost information used in management decision-making. The employees who perform accounting and finance duties have not developed knowledge and skills in financial accounting, including internal financial control.

#### **2.2.6 Administrative and supplies**

Work Potential of the procurement and administration department, It was found that the workload was more significant than the number of people and had only one employee to perform this function. This function is responsible for procurement contracts, paperwork, and administrative work. If there are more procurement items in the future, this party will not work in time.

In summary, the management team found the organization's potential analysis results if they do the same operation without adopting a new way of working. The printing house will not survive in the future because the business environment has changed dramatically. The growth rate of the offline publishing industry has declined sharply. While packaging printing has seen a very high growth rate. Printing technology has developed a very high potential. It has digital printing technology that can print quickly, sharply, and investment lower than offset printing technology. Overall, it is assumed that printing houses are under pressure and challenge from the changing business environment, and under this situation, the paper publishing industry is in a recession stage.

### **3. Organizational Development 2014 – 2021**

The firm's potential analysis results and the management team have planned to develop the organization. They defined the firm's vision as "The diamond developer for the land of Thailand." They were also formulating a strategic plan to improve the quality of products and services. The executives have developed business strategies "Make a difference" to achieve the corporate vision. They considered quality and corporate reputation essential to achieve such a business strategy. The executives, therefore, set the steps to develop the organization to achieve corporate vision, goals, and strategy into three stages: the first stage changes, the second stage is creativity, and the third stage is competency development or 3 C with the following operations,

#### **3.1 Stage 1 Change**

The management team started with This “paradigm shift” process as an essential aspect of organizational development. Due to the growth of work to have higher potential, personnel in the organization must understand the goals and perceive the value of their work. Therefore, the executives have to shift the employee paradigm, starting with giving the knowledge to develop attitude, leading to the willingness to improve their work. The goal is to foster the organization to grow stably and sustainably. This means that the careers of every employee can be preserved if the organization can survive under the pressure that the printing industry is in a very recession. Therefore, management has organized activities that promote change for all employees; such actions include:

- (1) Training, study visits to develop work skills and open up the worldview for all employees.
- (2) Manage proper, and up-to-date working tools for employees, such as purchasing the latest offset printers, renting a digital printer, providing a computer for graphic design work and computers for employees of various workgroups that are needed, and providing necessary machines work are up to date.
- (3) An informal staff meeting every two weeks, from 8.30-9.00 AM every Monday before the start of work. To listen to everyday work problems, express ideas for joint development of all departments, and create an atmosphere of participation for all employees.
- (4) Create an organizational culture that focuses on quality work by setting a policy. If the work had poor quality, it would not be shipped from the factory. This policy has been shared by employees and strictly adhered to until it became a work culture.
- (5) Improve and develop accounting and financial systems by applying accounting software in the organization. The data is recorded in the computer system. In addition, the firm has a system for recording production cost data and other administrative related information in monetary form for using the information in management decision-making. This is another essential key that executives use to improve the work of the printing house.
- (6) To improve the employee compensation system because the employees’ salary base is low. In addition, some employees lack the motivation for skill development because they believed there was no difference in rewards between highly skilled artisans and ordinary workers. Therefore, the management team has presented the employee compensation system to the firm’s board of directors. The policy is to improve the income base of employees to be at a suitable level and have a quality of life. Moreover, the policy aimed to reduce fixed costs because the industry is in recession. However, the management team introduces a firm profit reward policy to support the morale and motivate employees to work. The board of directors has approved this principle.

In addition, the management team has the policy to pay additional for professional skills. The employees who will be entitled to receive such special compensation will be an employee who has been assigned to perform other special duties. For example, paper cutters receive an additional 3 00 baht per month to supervise and maintain the paper warehouse. As for the technicians who control the operation of the machines that perform complex tasks, for example, printer workers receive an additional 3 00 baht because the job title requires a lot of skill and experience. The policy was introduced in 2016.

The effect of the salary policy in conjunction with added compensation to certain employees. It was found that most of the employees had more morale and motivation to perform their tasks. And the printing house has continued to increase in positive performance.

### **3.2 Stage 2 Competency**

They were developing the working potential of the organization to have higher potential driven by the work of more high potential employees. As a result of the change in the 1st stage, employees have developed working skills; technology has been used. Employees are trained to develop more sophisticated levels of skill works. The performance of each workgroup is assessed every month. The management team has restructured the organization into five workgroups, and each workgroup has a supervisor. The details are as follows.

- (1) Marketing Currently, there are four employees responsible for sales and marketing.
- (2) Original graphic design work and mold making It consists of 3 subgroups as follows:
  - Digital creation handles urgent design work, business cards, and digital printing. There are two employees.
  - Graphic and original design work handles the graphic and original design. There are seven employees.
  - Mold work responsible for making molds for offset printing There are two employees.
- (3) Offset printing is accountable for offset printing and perforated printing. There are eight employees.
- (4) Post-print work handles after-work of offset printing, digital printing, and delivery, including all types of post-printing jobs. It consists of the following sub-tasks:
  - Folding work; Responsible for folding the print job. There are two employees.
  - Cutting; responsible for cutting paper for printing both before printing and cutting the edges of the piece after finishing printing. There are two employees.
  - Binding work; responsible for binding the book and gluing the book. There is one employee.
  - Handling work; picking up books, catching a collection of books, and other miscellaneous tasks related to printing jobs. There are four employees.
  - Copies; responsible for making copies of paperwork There is one employee.
- (5) Accounting, finance, and supplies; Responsible for accounting, finance, supplies, administration, and warehousing. The sub-tasks are as follows:
  - Accounting; responsible for book-keeping and accounting. There are two employees.
  - Finance; responsible for finances. There is one employee.
  - Supplies and administrative; there are three employees responsible for procurement, administration, and warehouse work.

### **3.3 Stage 3 Creativity**



Management and employees work together to develop relevant new products at this stage. Such as souvenirs for organizing academic conferences to provide a one-stop service to academic journal printing services users. After successfully expanding the first product line, the printing house has added more product lines, increasing revenue from new product lines. Currently, the printing house has drinking water products, vinyl, stickers, posters, packaging added to the product line.

Such restructuring of the organization causes employees to develop their skills and ability in the workgroup continuously. There is work as a work cell that employees have multiple skills in the same workgroup. As a result, employees have increased work productivity. They have job learning and creativity, develop innovations to work out continuously. And in addition to that, it was found that the organizational structure dramatically reduces the workload of assistant managers. The work of each workgroup developed rapidly and smoothly because there was a group leader responsible for the assignment and distributing the work to each department involved. At the same time, there is communication within the organization with information technology causing employees to receive information thoroughly.

The organizational structure allows employees to participate in their management and decision-making by self-employment. As a result, the employees have developed new ways of working that reduce the cost and time of work. The manager has motivated employees to develop their work potential through a transparent assessment system of evaluation indicators. The firm rewards employees in monetary and non-monetary, such as annual prize money or bonuses and annual awards for colleagues' outstanding employees in various fields.

#### **4. Performance**

As a result of the development of the 3C process, the printing house has been able to increase revenue continuously. The number of customers or service users has increased many times. Performance evaluation at the individual level found that employees were highly productive; for example, a graphic design job that used to take two weeks to design, they can complete in a week. Overall, designs can be delivered to customers for inspection at the appointed time. Moreover, they provide the work to the production line and printing, binding, packaging until the job is given to the customer on time. The management has determined that the quality of deliveries is acceptable for 95%, meaning that no more than 5% of the total deliveries can be delayed on time.

In addition, the quality of customer service has been significantly improved. The quality of internal customer service is the staff was developed simultaneously, for example, the delay in payment of part-time work, the date and time of the settlement are uncertain. This Affects employees' motivation for overtime jobs. Management has improved the payment system by setting the exact date and time; two-week off-time compensation is payable one time and payable within five days after the last day of the week. With the improvement of the payment system, as a result, employees are delighted.

Improving the purchasing and finance system allows the printing house to pay its suppliers on time for the material. As a result, suppliers have very high trust in the printing house, these making purchases of production materials, etc., from suppliers at a reasonable price and having a good relationship with each other continuously. Printers can request service from sellers quickly, and there is no charge in some cases. As a result of such good connections, employees can work smoothly and continuously; suppliers have borrowed machines for temporary use during repairs for free of charge.

In organizational development, the executives emphasize personnel development as the key. As a result, the printing house has dramatically increased revenue; these develop the potential for increased profitability and are incredibly well known and recognized by customers and the industry. Although the printing house can create the organization and change continuously, publishing houses are also facing challenges from the severe recession of the printing industry. Recently, many publishers have closed their businesses, and magazines have stopped producing many issues. At the same time, textbooks at the university have turned to electronic media instead.

As the economic and industrial recession, the management team wanted to create a new source of income. Consequently, it has begun to develop new product lines under the circular economy concept. It is a product produced by the departments of Khon Kaen University, but the printing house is responsible for managing the brand and distribution channels. The new product line includes packaging, drinking water, and skincare products. The management team found that the marketing team had to develop high potential. At the same time, the potential of relevant personnel must be developed to be more capable. The management team has studied and invented a model to develop personnel to have high potential. To accommodate the change of organization from being a printmaker, it plays a role in distributing products and producing publications.

## **5. Conclusion**

As the organization's development according to the 3C that executives have carried out over time. Focusing on human resource development is followed by process improvements, the allocation of modern and quality resources to employees, and various tools for job management. It has used two-way communication to change the staff paradigm and followed the compensation system that the administration has changed from the old model. It is a model that prioritizes service life and year-to-date performance, enabling executives and employees to lead the organization in the recession of the publishing industry.

At the same time, the printing house has invested in new machines worth hundreds of millions. To replace old appliances and increase production capacity. This creates a whole new challenge and trying to survive. That is to generate enough income for the investment to reach break-even as quickly as possible and to have enough cash to pay for machinery loan. The management has a policy of not increasing the number of people but using technology to help work. To reduce the labor burden and adjust the organization's mission from print production to a distribution and print production organization. The management must develop the operational potential of the existing employees to a higher level than before. This raises the question of what mechanisms will drive employees to have higher productivity.

## **6. Related theory**

Organization development to have high potential. It is the development of human resources to have high performance, including resource development, management, budget management. The related concepts and theories are as follows to consistently support the goals of being a high-performance organization.

### **6.1 Social Exchange Theory: SET**

Homans (1958) argued the concept of exchange and relationship between members of society. Exchanges arise from individual needs and interests in reciprocity. Blau (1964b) further discussed that social exchange is voluntary. Blau (1964) developed George Homans

approach that suggested that social exchange occurs voluntarily by people who expect to receive benefits in return from others based on the obligation and the feeling of having to pay back to the other party. Therefore, social exchange refers to voluntary actions that may arise from the treatment of employees of an organization with the expectation that such activities will earn future returns (Blau, 1964; Emerson, 1976).

The relationship between organization and employees is related to the concept of economic and social exchange (Snape & Redman, 2010), which can be explained with social exchange theory. Relationships between individuals, managers, supervisors, and employees created trust, loyalty, and commitment. Based on compliance with requirements or principles of reciprocity (Cropanzano & Mitchell, 2005). This theory describes a person's actions or activities by self-evaluating positive and negative feedback results, satisfaction, and dissatisfaction. (Blau, 1964a)

The individual exchange model is characterized by evaluating the relationship between themselves and the other; they consider satisfaction and exchange. The individual often assess the nature of such a relationship as a transactional relationship, and the relationship is classified into two types: economic exchange and social exchange (Osman M. Karatepe, 2013; Shore, Tetrick, Lynch, & Barksdale, 2006)

Economic exchange is based on the relationship according to the agreed contractual obligations. It is in accordance with the performance requirements specified in the contractual obligations and does not expect a performance that exceeds the terms and conditions outlined in the contract. The commitments or agreements of both parties are decided to be agreed upon before the exchange (Blau, 1964; Emerson, 1976). The economic exchange focuses on financial expectations or tangibles; it is measured by financial returns and short-term forms of relationship (Cropanzano, Rupp, & Byrne, 2003; Shore et al., 2006). While the social exchange is a relationship of trust, it is a commitment of trust or confidence and non-Specific Commitments. This is essential to any long-term relationship model (Snape & Redman, 2010).

An obligation or contract in that social exchange The contact decides when to exchange (Blau, 1964a; Emerson, 1976). For example, when an organization takes care of its employees, it creates social exchanges that positively affect the work of employees (Cropanzano & Mitchell, 2005). Employees who received the economic and social resources exchange feel more obligated to pay back their corporate interests (Cropanzano et al., 2003). Job commitment and positive performance are a way for employees to repay the benefits they receive from the organization (Osman M Karatepe, 2011; Saks, 2006). Suppose the employee is dedicated to performing the role that he has been assigned to the fullest, cognitively, emotionally, and physically. These will give them more energy and enthusiasm for work (Osman M. Karatepe, 2013).

This theory can explain the relationship of exchange that affects a high-performance working system. Suppose an organization gives employees significant motivation. These trends respond with a positive attitude and behavior at work. Cultivating positive psychology leads to positive employee attitudes such as motivation, commitment, and satisfaction. These lead to better performance of the organization (Boselie, Dietz, & Boon, 2005; Giannikis & Nikandrou, 2013). Social exchanges between employers and employees also affect employee productivity. In other words, employers influence employees' moods, attitudes, health, and productivity or performance. Similarly, employers influence employees' feelings of burnout or job satisfaction (Zhang, Zhu, Dowling, & Bartram, 2013).

It also found that social exchanges in human resource management practices affect employee perceptions and values. Employees are valuable assets of an organization (Rhoades

& Eisenberger, 2002; Tansky & Cohen, 2001). Compensation and reward make an excellent perception of employees; they feel supported by the organization. These make employees aware of their participation and being part of their work. The influence of social exchange drive organization to try to build more exchange relationships with employees (Allen, Shore, & Griffeth, 2003; Blau, 1964a; Snape & Redman, 2010).

Thus, it is assumed that social exchange theory consists of economic and social exchange. It is a social norm of reciprocity with tangible and intangible resources (Mihail & Kloutsiniotis, 2016). In addition, assuming employees will receive financial resources and social aspects from the organization will cause those employees to pay back to the organization with a commitment to work effectively and have a higher performance (Osman M. Karatepe, 2013).

## **6.2 Ability-Motivation-Opportunity (AMO)**

Bailey (1993) introduced the ability, motivation, and opportunity model (AMO). This theory explains that the component that contributes to the effort and dedication of employees is their ability to perform, motivate, and be given job opportunities. All three parts affect employee performance (Bayo-Moriones & Galdon-Sanchez, 2010; Kroon, Van De Voorde, & Timmers, 2013; Munteanu, 2014). The concept of AMO theory has been used as the basis for studying high-performance systems (Appelbaum, 2000; Bailey, 1993; Boselie et al., 2005). This system focuses on promoting talent, motivating, and giving employees opportunities consistent with employee behavior to achieve the organization's goals (Kehoe & Wright, 2013).

The development of the ability to work by increasing knowledge, abilities, and skills to work with whole capability (Subramony, 2009). Which link to recruitment and selection processes (Pittino, Visintin, Lenger, & Sternad, 2016). Suppose the organization has an effective recruitment process to select people with knowledge and abilities to work appropriately. In that case, it is the primary assurance that personnel can fulfill the position (Schmitt, 2014). The organization can develop the employees to be more capable by training and promoting the learning (Rauch & Hatak, 2016).

Motivation is something or somewhat that directly impacts the behavior or expression of an employee. These are to lead to the achievement of the objectives and goals of the organization. The cases of motivation such as performance appraisals, compensation, and reward policy (K. Jiang et al., 2012). Compensation and rewards are tools to motivate employees by paying according to each individual or organization (Patel & Conklin, 2012; Patel, Messersmith, & Lepak, 2013). Charles Babbage presented the initial performance-based compensation from 1791-1871 (Ozgur, 2010) introduced the division of labor. Charles Babbage's concept of compensation focused on extrinsic motivation for employees. more than intrinsic motivation

External motivation is tangible and concrete, for example, compensation and reward. At the same time, internal motivation is a motivation that is intangible and in the form of attitudes, interests, personal opinions. Examples of intrinsic motivation include challenging and exciting tasks, job stability, work-life balance, performance appraisal. External and internal motivation are tools in human resource management. that create positive attitudes and behaviors of employees and increase opportunities for career development or a better job promotion (Ait Razouk, 2011).

Opportunity (O) is the empowerment and participation of employees in the organization (Lines, 2004) to make employees more engaged with the organization.

(Appelbaum, 2000). Opportunities can take many forms, such as participating in teamwork, empowerment, autonomy, communication, consulting, sharing information, and self-management teams. Such a model is a form of a high-performance work system (Pittino et al., 2016; Prince, Katz, & Kabst, 2011). Opportunity is a distinctive feature differentiating a high-performance system from conventional human resource practices (Boxall & Macky, 2009).

Based on the AMO model, human resource development must be developed through three standard model components. The model can develop employees at the individual level (Appelbaum et al. 2000) and organization level (Kroon et al., 2013). It assumes that human resource development based on the AMO model can change employee attitudes and behaviors. These lead to the organization's desired results and better performance of the organization (Wright & Snell, 1998).

### **6.3 High-performance work systems: HPWS**

A high-performance work system in the dimension of human resource management consists of:

#### **6.3.1 Recruitment**

Effective recruiting can employ people with knowledge and abilities suitable to fill and appoint to work. The recruitment process is a critical component of a high-performance system (Huselid, 1995). Because it is the process of recruiting inputs, i.e., human resources, into the organization's operational processes. And usually, human resources stay with the organization for a long time. Effective recruiting requires a job description that defines the scope of duties. Responsibilities and working conditions are clear. A job analysis figures out the qualifications and skills necessary for working in the position. Job descriptions influence the success of a high-performance work system, creating attitudes and developing good behavior for employees (Michaelis, Wagner, & Schweizer, 2015; Mihail & Kloutsiniotis, 2016).

#### **6.3.2 Training and development:**

Training and development are the process of increasing knowledge and work skills for employees. These can organize activities for both newly recruited employees and those already working. Training builds knowledge and plays a vital role in improving operational attitude. This affects the expression of employees by performing tasks based on their attitude towards work. Training is also a tool to motivate employees to work (Way, 2002), this affects an excellent working atmosphere within the organization (Jiang & Liu, 2015). Therefore, training and development have been recognized as influencing the development of high-performance systems of the organization (Huselid, 1995; Kundu & Gahlawat, 2016; Zhang, Di Fan, & Zhu, 2014).

#### **6.3.3 Performance Appraisal**

Performance appraisal is the process of considering the employee's performance either at the individual or group level (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). The objectives of high-performance systems evaluation are to provide feedback for employees to have improvements, set operational goals. Management uses the information from the assessment for policy planning in human resource development in the organization, to consider promotion and reward for employees. Fair performance appraisals are another tool to motivate personnel to perform better (Fletcher, 2001; Huselid, 1995), and are information. It is also information for employees to understand their abilities (Erdogan, 2003; Lee, Lee, & Wu, 2010).

### 6.3.4 Compensation and Reward

Compensation and reward are the exchange between the organization and its employees, both in the financial and non-financial fields (Ismail, 2012; Zhang et al., 2014). These factors motivate employees to perform their duties and engage with the organization (Kundu & Gahlawat, 2016). Compensation and rewards for job achievements affect employees' mindsets of value to the organization (Hussain & Rehman, 2013). Compensation or rewards awarded based on group performance is a tool to drive team performance (Jiang & Liu, 2015) and to motivate employees to improve their performance (Becker & Huselid, 1998).

In summary, high-performance systems often require decentralized decision-making among employees and teamwork (Sienknecht & Aken, 1999). Employees are involved in the planning and decisions making (Barnes, 2012; J. Y. Jiang & Liu, 2015; Way, 2002), Equal opportunities (Wu, Hoque, Bacon, Llusar, & Carlos, 2015), flexibility work (Kundu & Gahlawat, 2016), sharing information and give employee freedom in their work (Sarikwal & Gupta, 2013).

Employee participation in high-performance systems is decentralized decision-making to employees. These provide an opportunity to express opinions to make decisions, solve problems, and control work in their responsibilities to achieve the goals (Pfeffer, 1995, 1998). As a result, employees feel recognized and have a sense of ownership of the organization, devoting themselves to the work (Appelbaum, 2000).

Employee satisfaction and engagement increase productivity affect the performance of the organization (Bhatti & Qureshi, 2007; Chen & Huang, 2009). Employee involvement has resulted in better relationships between supervisors and employees. It creates unity between group members (Zacharatos, Barling, & Iverson, 2005). Resignation and absences of employees are reduced. Employees are more motivated to perform and are committed to the job.

Employee engagement is the physical expression of a person's intelligence and emotion while on duty (Kahn, 1990) by present a positive contribution (Schaufeli, Salanova, González-Romá, & Bakker, 2002). in various activities and connect with work and friends (Ferrer, 2005). Schaufeli and Bakker (2004) proposed that commitment to work has three characteristics: vigor, dedication, and absorption. Vigor is that employees are energetic and willing to work. There is an effort to get the job done despite obstacles and flexibility. Dedication is the willingness to be motivated, feel challenged in work, and take pride in doing it. Absorption is a feeling of happiness and determination in work. The past study results of the academics, It has been suggested that work engagement resulting in higher employee performance (Bakker & Demerouti, 2008).

### 6.4 Organizational Citizenship Behavior

Organ (1988) suggested that organizational citizenship behavior is the employees work voluntarily by performing their duties and having help in the work of others without expecting any reward. The elements that affect the expression of citizenship behavior in the organization consist of the nature of the working, relationship between supervisor and employee, positive attitude towards work, and recognition of corporate support (Mahdiun, Ghahramani, & Sharif, 2010; Wang, 2009). The manifestation of organizational citizenship behavior is cooperation, compliance expression, corporate commitment, etc.

### 6.5 Intention to Stay

Price and Mueller (1981) proposed that the employee's Intention to Stay is the perceived anticipation of continuing membership in the organization. Ajmal and Koskinen (2008) defined the employee's intent to stay as the employee's decision to stay or resign. From the suggestions of such scholars, an employee's persistence intent is the organization's perception of the employee's decision to remain a member of the organization or quit before the end of the employment contract.

The persistence of employees depends on several factors: compensation, challenges, sponsorships, opportunity to grow, work environment, etc. The behavior of employees that indicates an intention to persist, such as having good behavior as a member of the organization, unnecessary frequent leave. In contrast, employees who intend to quit tend to have new job-seeking behaviors (Ghadi, 2017), display negative behavior towards the organization (Mobley, 1982). There is a lack of attention to the work in the job, exposed decreased participation to the organization, and presented a decrease in happiness at work.

## **6.6 Perceived Organizational Support**

Eisenberger, Huntington, Hutchison, and Sowa (1986) suggested that when employees recognize organizational support, they will believe and be self-confident that they are valuable to the organization. They feel being cared for, attention, supported both in the performance of duties and in life. This perception is linked to corporate commitment. It also affects the good attitude of work. Then there is a possibility that it affects the behavior of employees' citizenship behavior (Rhoades & Eisenberger, 2002), which express the exchange and reward between employees and the organization (Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008). It was consistent with the social exchange theory that both parties will have benefits from each other.

## **7. Case Study Questions**

- (1) From the case study as mentioned above. Explain the concept of organizational development with the 3C principle. What ideas are based on the philosophy, theory, or research supports it?
- (2) The 3C concepts that executives use to develop that organization. What are the advantages and disadvantages?
- (3) To give a fundamental review of the theory related to the high-performance system. What are the pros and cons of each approach?
- (4) Are there any mechanisms, concepts, or theories that can be used to develop employees' potential to be higher?
- (5) According to the concept of organizational change. Have the executives implemented such ideas or not? Why?
- (6) What kind of reward and compensation system will affect the high-performance organization for the printing house?

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