

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the link between individual and organisational performance

Activity 1

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1.1 Explain the concept and key components of high-performance work (HPW)

- There is a method to achieve high performance work from employees – we just don't know the full equation yet
- High performance work systems (HPWS)
- HPWS are designed to attract, retain and engage employees
- Promote employee commitment and involvement
- 'The black box studies'
- Ability, Motivation & Opportunity (AMO)



The concept of high performance work is to find the best way to harness every employees true potential to work to their best ability. There are many theories and claims regarding the most effective method that have continued for more than a century; researchers have analysed and researched whether a specific method or set of management skills will enhance an organisations performance when applied in practice. 'Employee relations thinking' has been influential and is widely applied in organisations for its favour of management systems and job design. These components motivate employees and makes their working lives more interesting and enjoyable. The effects also led to improved productivity and higher commitment where employees were less likely to seek other employment or have periods of unauthorised absences.

Whilst there is still a lot to learn in this area and researchers are trying to find the most effective method, the most influential set of principles underpin high performance work systems (HPWS). HPWS comprise of a set of distinct HR resource management policies and practices. The precise contents of this set has never been agreed definitively however, different studies include a wide range of different elements. Despite this, there is a broad consensus that any list should include practices and policies that promote employee involvement and commitment within the organisation (Taylor and Woodhams 2016). Marchington et al, (2016) detail some examples of most the commonly included elements below:

- A strong recruitment and selection process
- Investment in Learning and Development for employees
- High levels of pay that also reflect on individual performance
- Internal promotion system based of merit
- Team-based approaches to work and how it is completed
- Grievance procedures that can be used without fear
- Participation in decision making, allowing employees to determine organisation policies and practice
- Information sharing and transparency from management about changes or issues
- Effective performance appraisal systems
- Flexible working and multi-skilling opportunities
- Job security
- Good work life balance
- A high level of harmonisation from least to most senior employees in regards to terms and conditions such as holiday entitlement.

These are designed to attract, retain and engage employees and are associated with high levels of organisational performance. People seek jobs at organisations who follow 'best practice' in relation to their employees are more likely to embrace change and be creative and innovative if they are happy at work.

'The black box studies' are carried out by John Purcell and his colleagues at Bath University aim to explore the unknown reasons for the performance-HR link and are also advocates of the AMO model which is a condition that needs to be in place to benefit an organisation and its employees through good HR practices (Taylor and Woodhams, 2016).

1.2 Evaluate the link between HPW, competitive advantage and sustainable organisational performance.

- Best Practice bundles
- AMO (Ability, Motivation and Opportunity)
- KPI's & SMART objectives
- Task proficiency



A link between the way people are managed and business performance has been established but researchers are still trying to understand the nature of that link. There is evidence that a set of 'best practice' bundles has a positive effect on the organisation concerned, and 'progressive' or 'high performance' HR policies are responded to positively by employees. Employees working in line with these policies are more likely to work harder and want to improve their own performance, often going beyond the terms of their contracts without being pressured into doing so (Taylor and Woodhams, 2016). MacRae, (2020) explains that employees who are energised, immersed in their work and have a sense of meaning and purpose are more productive. There is a need to set up a system that allows for employees to develop their skills in a working environment that enables them to be high performers.

Line managers have a vital role to play as they are key in enforcing HR policies and motivating employees to engage with them. Line managers are so important in this aspect because if they poorly implement practices and policies (because they don't believe in them themselves), they causes more harm than if there were no policies at all. 'The black box studies' found that there is strong evidence that line managers who have a good approach and implement HR policies effectively are more likely to create the right climate for superior organisational performance. The AMO model is another significant element that must be present to allow for HPW to take place as these are the conditions needed for employees to become high performance workers. There is evidence from these studies that demonstrated a link between HRM activity and superior business performance.

Task proficiency was also found to moderate the relationship between high commitment HRM, work engagement, and organisational commitment. Employees with a high task proficiency are more likely to be able to obtain resources than those with low task proficiency. Individuals with high task proficiency are less likely to be engaged in their work because of high-commitment HRM as they are likely to be intrinsically motivated and can acquire individual resources. Those with a low task proficiency have insufficient individual resource and may lose resource; in these cases high-commitment HRM is more likely to enhance work engagement. There is a link between high-commitment HRM, work engagement and organisational commitment and all three are not significantly correlated with task proficiency. Work engagement goes between high-commitment HRM and organisational commitment and there is evidence of a significant relationship between the two (Boon and Kalshoven, 2014).

1.3 Evaluate the link between HPW and employee well-being.

- Employee participation and involvement have more of a positive effect on well-being than occupation
- Factors that contribute to high job satisfaction are high involvement processes
- Low job satisfaction is related to higher work intensity with lower involvement processes
- Well-being programmes at work can benefit the employee and employer

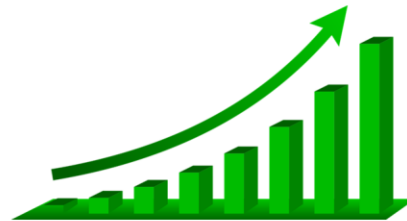


The link between HPW and employee well-being has been hard to establish for researchers due to the amount of variable circumstances and how practices are implemented in organisations. Boxall and Macky, (2014) have carried out research that evidences the conditions needed for a positive link between HPW and well-being. High involvement work processes are connected with greater job satisfaction and good work-life balance, and don't relate to stress and fatigue. There is also evidence that work overload and intensification is more commonly associated with work-life imbalance, stress, and fatigue. Whilst these impact on employee well-being, occupation is not necessarily a factor. This study also shows that greater autonomy, reward and development opportunities are factors that contribute to higher job satisfaction, whilst high involvement is related to a better balance between work and life. No matter what a person's occupation is, higher work intensity is more likely to increase the risk of an employee becoming fatigued, stressed, and contribute to work-life imbalance. It is important for line managers to take these things into consideration when establishing the workload of a role; ensuring work-life balance, high involvement practices, development opportunities and reward are implemented for positive employee well-being.

The CIPD, (2018) state that to have and maintain good employee well-being, organisations should have a well-being programme in place. A well-being programme should consist of positive organisational culture, leadership, and people management in order to promote contentment for employees and the organisations they work for. Investing in employee well-being and implementing it well can result in reduced sickness absences and higher performance and productivity in employees, thus more likely contributing to HPW. The CIPD also recognises the difficulty the coronavirus outbreak has caused in regards to employee well-being. Some staff are facing potential redundancy or having to juggle childcare around their work that they wouldn't usually have to; others might be facing income loss or are working from home where they are isolated. For these reasons, well-being is at the top of most employers' agendas as employees are more likely to face well-being issues; at the same time employers are trying to reduce employees and public from the risk of infection but putting health measures in place such as social distancing. These factors could have a negative effect on employees including 'high performance workers' which could ultimately have a negative effect on the organisation. Line managers need to prepare themselves to deal appropriately with employees who are suffering with poor well-being due to COVID-19, utilizing any organisational employee assistance programmes.

2.1 Define the main stages of the performance management cycle and key performance management activities.

- What is performance management and why is it important?
- Line managers role in performance management
- Technology's impact on traditional performance management
- The formal performance management process
- Five elements to any performance management process



Performance management is used in a lot of organisations and is an attempt to maximise the delivery service of employees; some names commonly used are: 'performance appraisal', 'performance evaluation' and 'personal development review'. Most performance management activities include, establishing objectives; improving performance; and, holding people to account for their performance whether it is good or needs improvement. Employers who provide good performance management often give regular, honest feedback and support their employees in their progression; feedback is well received when it is given formally as well as informally and not strictly one or the other. Performance management processes should include defining and reviewing objectives set, connecting ways of achieving the objectives in a way it benefits the business plans, and setting measures of success. People managers such as line managers are key in the employees success as they are the employees main point of contact. How a line manager delivers feedback and motivates employees to achieve their objectives will ultimately affect the employees' and business progression. For this reason, line managers need a set of skills to effectively deliver and uphold performance management procedures effectively (Performance Management | Factsheets | CIPD, 2019).

There is however, evidence that shows that traditional performance management techniques don't work and that the opinion of managers is being replaced by data. Technology is allowing for the development of the performance management system and the companies that are using it want to measure and promote employee performance, not compliance (MIT Sloan management Review and McKinsey & Company, 2019).

Every organisation needs to create a formal performance management process that reflects its own culture, objectives, as well as good practice. When setting up a performance management system, organisations should give consideration to the following:

- Time frames: this is to establish how often the formal meeting will take place and the duration and length of each performance cycle.
- Participants: the individuals involved, their responsibilities and status in this system. This should include the employees' role in assessing their own performance and development needs as well as drawing up and action plan and implementing it.
- Objective measures: How the employees performance will be measured and what skills they will need to use in achieving the objectives.
- Procedures: Documentation explaining how the process works and what measures managers will use to measure performance, including recorded outcomes and detail action plan.
- Outcomes: What the organisation expects the employee to produce, goals and targets for the next performance review, and any training and development needs established to assist with this.
- Supervision: The nature of the system that the organisation has created to monitor compliance with its performance management system. This is to check performance assessments to optimise objectivity and reduce any unlawful discrimination.
- Reward: If applicable, performance related pay rises and bonuses if warranted (Rankin, n.d.).

Lauby, (2017) describes five essential elements to any performance management process. These are:

- Management involvement – Managers are responsible for setting objectives and targets, providing guidance and feedback, and recognising excellent work.
- Goal Setting – Employees who understand how their work and achievements affect their company in a positive way are more likely to be engaged. Companies who link the goal setting and culture are more likely to have engaged employees.
- Learning and Development – Employees who invest in learning and development are more likely to have employees who have the skills and knowledge to do the work. This helps the business by having competent employees.
- Feedback and coaching – Managers should regularly give their employees feedback on their work, including things they do well and things they can improve on. Employers should enable employees to evaluate their own performance so they are able to goal set and become self learners.
- Ongoing conversations - Organizations should create cultures where having ongoing discussions about performance goals, learning, coaching, etc. are happening.

2.2 Evaluate the contribution of performance management activities to employee capability and commitment, and to recognise and reward talent.

- Traditional review model V informal, regular feedback model
- Focus on improvement and development, not accountability
- Importance of good leadership and line managers
- Recognition and reward benefits



The traditional model of evaluating employee performance revolved around collating information and feedback throughout the year and then delivering it in a review to the employee. The issue with completing a review this way is that mistakes or achievements made at the start of the year are being discussed almost as late as a year later. This takes away the effect of the conversation being delivered and there's a chance that the employee has already corrected or learnt from previous mistakes. There is a heavy emphasis on accountability as opposed to improvement and development for the employee also. It is a heavy paperwork exercise and is relatively ineffective, but we did (and still do) this for a long time. A newer model of providing employees with meaningful feedback effectively is through informal, regular feedback. Managers who give regular feedback are more likely to get corrective action sooner, be able to mold behavior and have a more motivated workforce as staff know what is expected of them (Cappelli and Tavis, 2016).

Employees do better in workplaces that focus on four elements that enable them to work to the best of their ability. These things are; leadership, line managers, employee voice, and organizational integrity. Focusing on leadership and line managers; these are two key components that the CIPD have identified as being necessary to build an engaged and motivated workforce. Employees who have leaders who give a strong organizational narrative about the organization and who have line managers that motivate, empower and support them are more likely to be capable to complete their tasks, and committed in doing so (Employee Engagement & Motivation | Factsheets | CIPD, 2019).

When employees do particularly well in their roles for a period of time, reward can be a good way of saying 'thank you' and keeping the momentum going. Some types of reward such as money incentives can be an advantage to the business through maintaining market pay competitive rates without inflating the annual pay bill and flexibility through the ability to reduce or halt payments during economic downturns, for example. The employee has greater control of their own level of remuneration and a higher payment is potentially possible (Bonus & Incentives Scheme | Factsheets | CIPD, 2019).

3.1 Evaluate the role of line managers in performance management processes.

- What do line managers do?
- Roles of line managers in performance management
- PIP's – personal improvement plans
- When performance management fails and it progresses to capability



The definition of “management” covers a wide range of skills and behaviours, from ensuring training and development needs are met, defining roles and objectives, and creating an environment where people will enjoy work and want to do their best work. This includes tasks such as performance management (Wright, 2015).

Successful line managers often do particular things with their team that engage them and motivate them to do well. These line managers are role models and are clear about what is expected, how to achieve objectives, and the role that the individual as well as the team play in achieving this. They know their teams and individual performance well, and speak in a way that doesn't provoke a negative or defensive response when asking them to do particular tasks. The way they ask the team or individual is in a way where they are happy to try the tasks and are comfortable to ask for help. Whilst these behaviours are some that make for a productive, competent team, performance management issues may still arise.

Good line managers will generally have an informal meeting with the employee and ask if there is anything that contributing to their dip in performance such as issues outside of work, relationships in work, or barriers put in the way by the organisation. Once the reason has been established managers can attempt to resolve the performance issues by coaching the employee. This often involved sharing their knowledge and work with the employee or if it was in an area the manager was unfamiliar with, provide the employee with formal training. The manager will set the employee clear goals and monitor progress closely without making it into too much of an issue; sometimes this is called a PIP (Performance improvement plan) and has review dates and completing date. These generally last somewhere between 1-6months depending on the nature of the improvements needed. If this was not effective, the next step is to tackle the underperformance more formally. When managers initiate the formal process, they should follow the rules closely and involve HR or their own managers. The official process is called “capability” and is usually used in circumstances where an employee cannot do their work through being incapable of doing so, regardless of training; or where the employees health has deteriorated to a level where they are no longer able to fulfil their role (Robinson, n.d.)

3.2 Describe ways in which HR and line manager can work together in performance management processes.

- Line managers are dealing with people issues more often
- How implementation of policies is dependant on the line manager
- What can be done to allow HR and line managers to work together effectively



Line managers are more frequently dealing with and resolving people issues without help from HR. This, as useful as it is to HR can also be risky. Line managers are the face of the people and are directly responsible for implementing HR policies; how well they implement them is dependant on how much they themselves believe in the policies. Line managers and HR must have a good working relationship as HR can provide the line manager with all of the information and legalities to a situation but the way the line manager implements and portrays these is dependant on their own skills and understanding; the better HR can influence the line managers and explain the importance of policies is crucial (Line Managers' Role in Supporting the People Profession | Factsheets | CIPD, 2019).

To enable line managers and HR to have better working relationships in the performance management process means that HR will need to be tactile. HR need to be aware of when line managers attention is available and communicate in during these periods. Line managers are often focusing on their own operational issues and demands and if HR attempt to talk about policies and practices during these times, they are likely to have a hard time trying to get them to focus and see the importance. HR will need to strategically relate what the line managers are trying to achieve operationally back to processes and policies and explain how these affect their objectives. HR should make the most of providing line managers with facts and data where possible. Providing line managers with the tools to do the work is essential; frameworks that allow them to carry out certain tasks will allow the systems to work. If managers are not effectively implementing HR policies, HR should offer individual coaching to ensure the manager develops in this area (McGee, 2008).

Please see notes page for full bibliography

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