

Qualification: CIPD Diploma in Applied Human Resources

Module Name:

Understanding the Link between Individual and Organisational Performance

Word Count:
2965

Student Name:
Carys Francis

Student Number:
1904626

CIPD Membership Number:
55382687

By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed:
C Francis

Date:
27/08/2020

Understanding the Link between Individual and Organisational Performance

Aims and Objectives

1) High Performance Working

- Define and describe High Performance Working (HPW)
- Evaluate the link between HPW and organisational performance
- Evaluate the link between HPW and employee well-being

Aims and Objectives

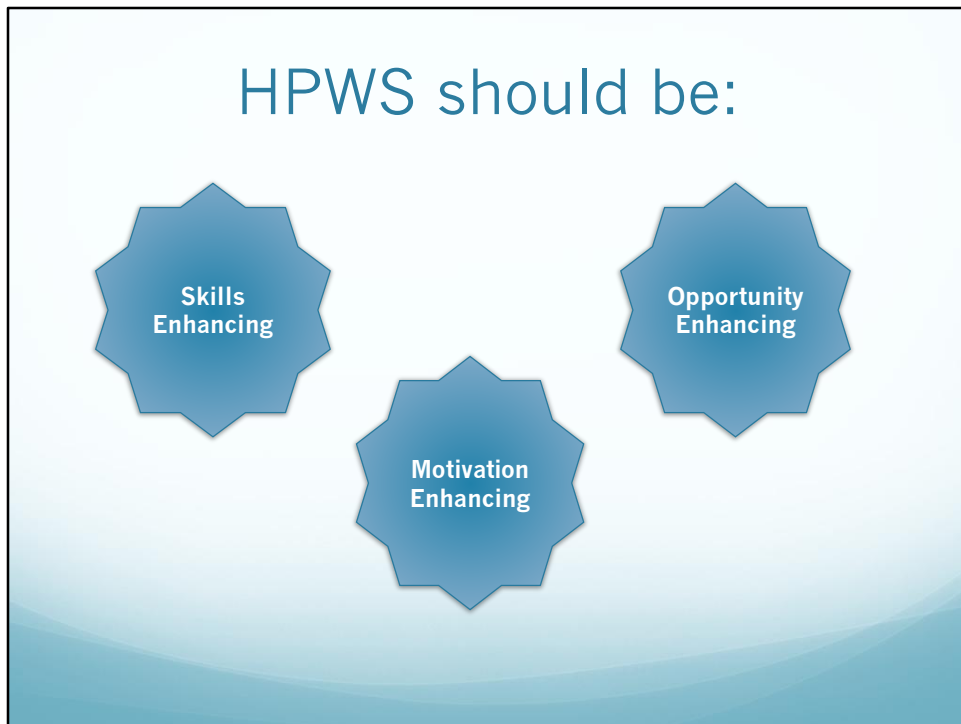
2) **Performance Management**

- Define the stages of the Performance Management Cycle, and key performance management activities
- Evaluate the contribution of performance management activities to employee capability and commitment
- Evaluate the role of line managers in performance management processes
- Describe ways HR and line managers can work together

What is High Performance working?

High Performance Working Systems (HPWS) consist of the Human Resources people management processes and practices within an organisation.

These practices aim to positively impact employee attitudes and organisational performance by stimulating employee involvement and engagement (Taylor, 2016, p. 199).



1.1

CIPD (2018) consider these processes as 'bundles' and believe that they should be skills enhancing, motivation enhancing, and opportunity enhancing.

Components of HPWS

- Recruitment and selection
- Training and development
 - Payment systems
- Promotion and progression opportunities
 - Reward systems

1.1

There are many components which can be considered when evaluating an organisations HPWS, however the main components are as follows:

- Recruitment and selection strategies – having a robust recruitment and selection process. Making a decision based on the applicants skills/knowledge matching the criteria for the job role to ensure they will be able to fulfil the role
- Training and development – development opportunities should be offered to employees, such as refresher training to keep them up-to-date with developments in their field
- Payment systems – employee’s salary being dependent on their performance. This helps to attract and retain high performers whilst also providing motivation for existing employees to maximise performance
- Promotion and progression opportunities – having a system where promotion opportunities are offered to internal staff based on their performance
- Reward systems - team-based reward incentives

(Taylor, 2019, p 199-200)

Components of HPWS

- Grievance procedure
- Involvement and participation opportunities
- Performance appraisal system and effective leadership
- Employment security
- Flexible working opportunities and work-life balance
- Employee entitlements (e.g. holiday entitlements)

1.1

- Grievance procedure – allowing employees to raise a grievance and dealing with the grievance in a fair way. Making it clear to employees that all grievances will be taken seriously so that they don't feel the need to ignore the issue and seek new employment
- Employee involvement and participation opportunities – allowing employees to partake in decision-making, especially when it comes to developing organisation practices
- Performance appraisal system and effective leadership – clearly setting out the aims and objectives of the organisation, and ensuring that employees are contributing to working towards these
- Employment security – by helping employees to feel secure in their employment will contribute to their level of commitment and engagement
- Flexible working opportunities and work-life balance – it's important that we work with employees where possible when it comes to flexible working and work-life balance, employees will be more likely to be motivated within their role
- Employee entitlements (e.g. holiday entitlements) – employee entitlements are a good way of attracting new recruits, but they can also have an impact on existing employees wellbeing. Employers should encourage employees to use their holiday entitlement, etc.

(Taylor, 2019, p 199-200)

For High Performance Working Systems
to be successful, they depend on
management to successfully implement
these policies and procedures and
“bring them to life”

(Taylor, 2019, p 199-200)

1.1

The link between HPW and Organisational Performance

High
Performance
Working
Systems = Employee
commitment and
productivity

1.2

High Performance Working Systems (HPWS), also known as 'high performance work practices', 'high involvement / high commitment practices', contribute to both competitive advantage and sustainable organisational performance. By adopting these practices it allows employees to enhance their skills and qualifications resulting in a greater level of commitment and productivity, which in turn will contribute to the organisations competitive advantage (Science Direct, 2016).

What is competitive advantage?

1.2

Competitive Advantage means having greater performance and superior circumstances in comparison to the industry's average. Monitoring competitive advantage within an organisation can be done by evaluating employee turnover rates, company profit, and resources, etc. (Strategic Management Insight, 2013).

What do we mean by Sustainable Organisational Performance?

1.2

According to Miller (2011), there are eight areas within an organisation which can be used give an insight to 'sustainable organisational performance': the alignment of different areas within the business, distributed leadership, the connection between employees and the organisations purpose (shared purpose), long-term and short-term goals, assessment and evaluation processes, and employee engagement at all levels (between managers, between teams, and between customers), Agility (ability to enable change), and capability-building.

Evaluating the link

The Black Box Report (Purcell et al, 2003) found that in organisations where HPWS are implemented effectively, employees are more likely to go the 'extra mile' and have positive attitudes.

1.2

Purcell et al (2003) conducted a study known as 'The Black box Report' on twelve different organisations examining the link between High Performance Working Systems and organisational performance. This study was based on the understanding that performance is a combination of ability, motivation, and opportunity. This means that for an employee to maximise performance they need to have the correct knowledge/skills to be able to, have the motivation to perform and also have the opportunity to. The 'components' to HPWS that we have previously discussed all have an impact on how an employee is likely to perform.

The overall performance of an organisation very much depends on each individual employee's performance Huselid (1995).

The link between HPW and employee wellbeing

- The more pressure on an employee, the more likely they are to become fatigued – this leads to low motivation, engagement, and commitment.
- Effective HPWS should be in place to ensure employee well-being is priority.

1.3

The article 'High-involvement work processes, work intensification and employee well-being' by Boxall, 2014, discusses how the level of demand on an employee can affect their well-being - the more pressure on an employee, the more likely they are to become fatigued and suffer physiological and psychological health deterioration. This leads to low levels of job satisfaction thus having a negative impact on performance and employee engagement and commitment.

Organisations with effective
HPWS tend to have higher levels
of employee engagement and
commitment
(Purcell et al, 2003)

1.3

Examples of HWPS contributing to employee wellbeing:

- Regular supervisions and appraisals with employees
 - Employee voice and inclusion
- A positive working environment (trust, security)
 - Following a fair grievance process
 - Flexible working / work-life balance

1.3

The Black Box Report found that organisations which encourage a healthy work-life balance, training and development opportunities, and involvement in decision making had much higher employee engagement and commitment than organisations where these practices weren't implemented effectively (Purcell et al, 2003).

Line managers are responsible for monitoring and managing the health and well-being of their employees. This can be done by enforcing a robust absence policy/procedure. Line managers should have the ability to recognise when an employee may be suffering ill-health either mentally or physically, and know how to manage this – occupational health referrals, wellbeing through work service, etc. (CIPD, 2019).

Performance Management

The performance management
cycle and key performance
management activities

2.1



2.1

The performance management cycle is described as a continuous cycle of performance management which has four main stages in the cycle – Planning, Acting, Monitoring, and Reviewing. (Clear Review, 2017).

The 'acting' and 'monitoring' stage of the cycle will usually take place multiple times within each year, due to the change of business needs.

The Planning Stage

- SMART objectives
 - Personal development Plan
- Deciding on any action that needs to be taken
- Review the job requirements of employee's, and decide whether these need to be amended

2.1

During the planning stage of the cycle the aims and objectives of the organisation for the year ahead will be discussed at senior management level. The organisational objectives will be developed on an individual and departmental basis. The plans will be communicated to the workforce and they will be expected to work together as a team to support their manager to meet the organisational goals. It is essential to implement a management plan / personal development plan to support the employee in the workplace. The aim is to improve performance and help them gain the skills and knowledge needed to be a valuable asset to the organisation (Clear Review, 2017).

Formal performance management processes can take the form of appraisals, known in some organisations as personal appraisal and development review processes. A manager or their deputy will perform an appraisal on an employee who is their subordinate. It is likely that they will managerially supervise the individual on a monthly basis for support and the general running of the workplace, however a formal appraisal is usually annually. At this appraisal objectives for the year ahead will be discussed, set and agreed by both parties. Should a training need be identified at this stage it is the supervisor's responsibility to provide this within an appropriate timeframe. Any support needed for the individual will also be discussed and plans put in place to identify who will give the support and when (Taylor and Woodhams,

2016).

A formal appraisal process is based on the SMART objectives - specific, measurable, achievable, realistic and timely. The supervisor has a responsibility to ensure the objectives set for the individual are realistic or the year will be wasted. The individual must also have a clear understanding of their role and responsibilities and what is expected of them. Supporting your staff to develop with regular appraisals is directly linked to improvement in performance and better patient care and outcomes (skills for care, 2019)

The Acting / Developing Stage

- Increase the employees “capacity to perform” by implement any new job requirements identified
- Employees will now work towards their personal development plans
- Employees will undertake any new responsibilities
 - Identify new opportunities

(OPM, 2020)

2.1

This part of the process is where you put the ‘planning’ stage into action and focuses on developing the individuals “expertise and potential” (OPM, 2020). The SMART objectives that were identified during the first stage of the performance management cycle will have been instigated by now, and employees will be working towards their personal development plans and carrying out any new responsibilities they may have been given (skills for care, 2019).

The Monitoring Stage

- Track and monitor the progress of goals and objectives, and provide feedback on this
- Monitor employee and organisational performance (ongoing)
 - Address any areas of concern – implement additional training if required

(AIHR digital, 2020)

2.1

Employee performance will be regularly monitored by their supervisor. This is a formal process to monitor progress. Employees who continually underperform will be managed accordingly. Management should meet with the employee at least monthly to review progress, this will give them the opportunity to offer support and clarify any areas of concern and also highlight a need to change approach or plan. Regular reviews will keep the employee engaged and motivated, ensure appropriate measures are put in place when they are needed and not left for a long period of time where it may be too late to implement changes (Taylor and Woodhams, 2016).

The Reviewing Stage

- Review overall performance
 - Find out whether or not the organisational goals and objectives have been met (if not, consider why not)
- Review the progress of employees skills and knowledge
 - Reward employees for good performance
 - Review the link between individual outcomes and departmental/organisational outcomes
- Use the positives and negatives to develop the next 'planning' stage

(AIHR digital, 2020)

2.1

At the end of the monitoring period a review will be held. The manager and the employee will look at the goals set at the last review and see if they have been met. This will be an opportunity to build on rapport and empower and motivate the employee to continue with the work. Evaluation will take place where they will consider if the original goal was a realistic target and whether it was in line with the objectives set by the organisation. They will also consider whether it was useful for the employee, in terms of skills and knowledge and helped improve their performance. The employee will be able to share what went well and whether they felt supported by management and given the tools/time to complete the work set. They will also reflect on what went well, and what could have been done differently.

Formal reviews such as appraisal are structured and stipulates goals set for the year ahead. These are usually reviewed annually, and they are a marker of what was set out and what is achieved to date. Meeting regularly with the manager, the employee will find the work set out more manageable to achieve and will feel supported. The employee may need further training and development opportunities to ensure that they are equipped to do the job they set out to achieve. This will also send a clear message to the employee that the organisation is investing in them and giving them the tools and training to perform to the best of their ability. A skilled team will ensure

that the departmental goals are met and regular reviews will satisfy the overseeing manager that they are on target.

(Valamis, 2020)



The contribution of
performance management
activities to employee
capability and commitment,
and recognising and
rewarding talent

2.2

Performance Management Activities & Employee capability and commitment

- Appraisals
- Supervisions
- Promoting the organisations Aims and Objectives
 - Training and Development
- Reviewing performance and giving feedback

2.2

Advantages of performance management cycle process include the employee and organisation maximising the opportunities to reach the goals and aims of the professional development of the employee and the organisational goals. This is a mutual advantage for both employee and employer. They work cohesively and focus on targets to achieve, and both are driving forces for each other. The organisation can quickly adopt changes in relation to what is going on in their field of business and make changes to keep up with other companies. This improves job satisfaction and may also help retain valuable employees. Regular management reviews will identify the employee's capabilities, and training to develop their skills further can be arranged. This will have a positive impact on performance and productivity, and will prove to the employee that the organisation is investing in them.

Positive feedback from an employer either verbally or written can have a significant impact on the employee's commitment to the job - acknowledgement of their performance, hard work and their effort will boost morale. Reviews will also highlight whether an employee deserves praise or a reward including a pay rise. A manager will conduct appraisals with all employees at least annually to ensure fairness and to help promote trust within the team.

Another method of feedback is 360- degree tool whereby colleagues and other

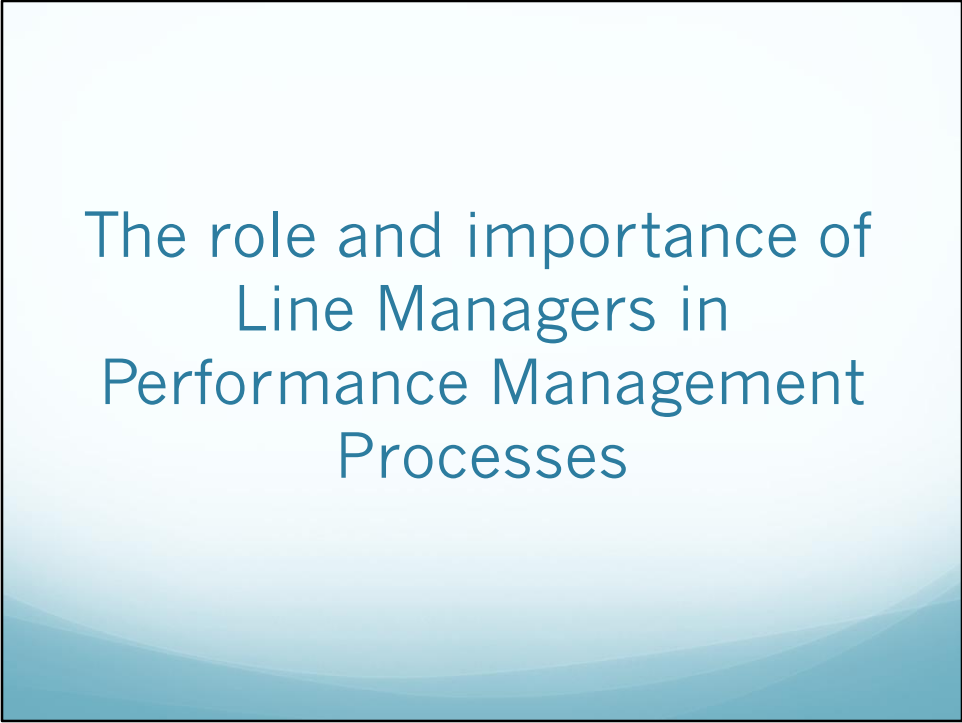
relevant individuals can report back reviews and evaluate how the individual performs professionally and personally (Silverman, 2005).

Recognising and Rewarding Talent

- Bonus payments
- Promotion opportunities
- Positive feedback from management
- Staff incentives

2.2

There are many factors that are important to the employee such as job satisfaction, sense of pride in their work, commitment to the task, and financial gain. If the employee has worked hard and done everything they set out to achieve when agreed at the appraisal, they will usually expect to be rewarded. If their hard work is not acknowledged it is likely that they will disengage, lose trust and not feel valued in the workplace. Their motivation will dip and they may consider looking for alternative employment. However, should the organisation reward the employee, this will send a clear message to all employees that there is an incentive to work hard. This also promotes competitiveness amongst employees to achieve more, as they can see that their colleagues are being rewarded and valued by their employer. Rewards can take the form of bonuses, promotion, positive written acknowledgement and may also improve the employee's reputation within the organisation (Armstrong, 2016).



The role and importance of Line Managers in Performance Management Processes

3.1

The role of Line Managers

Research has found that employees are more likely to be committed, motivated, and engaged in their job if they have a good relationship with their line managers (CIPD, 2019).

3.1

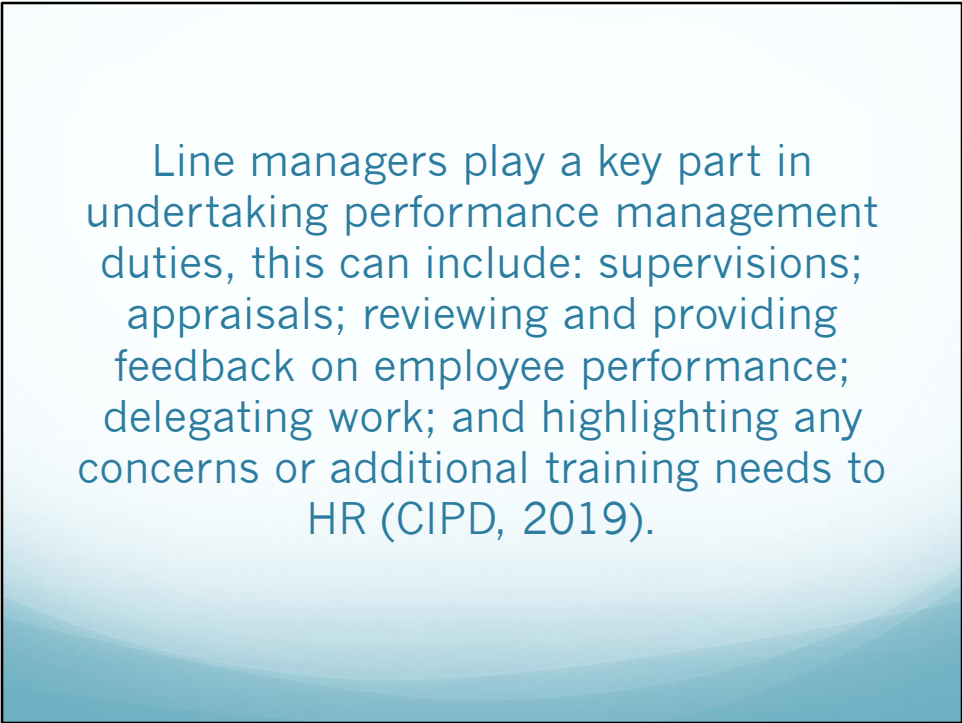
Line managers play an important role in the performance management of employees. Different organisations will have different procedures, however, line managers have a duty to enforce the organisations policies and procedures, and how they do this will have a big impact on each individual and the organisation as a whole.

Line Managers need to be able to:

- Give clear instruction
 - Set clear objectives and standards
- Engage employees in delivering the organisations aims and objectives
- Give feedback to employees as individuals and as a team
 - Recognise performance issues
 - Monitor employees performance
- Create development plans for their employees

3.1

(Robinson, 2013)



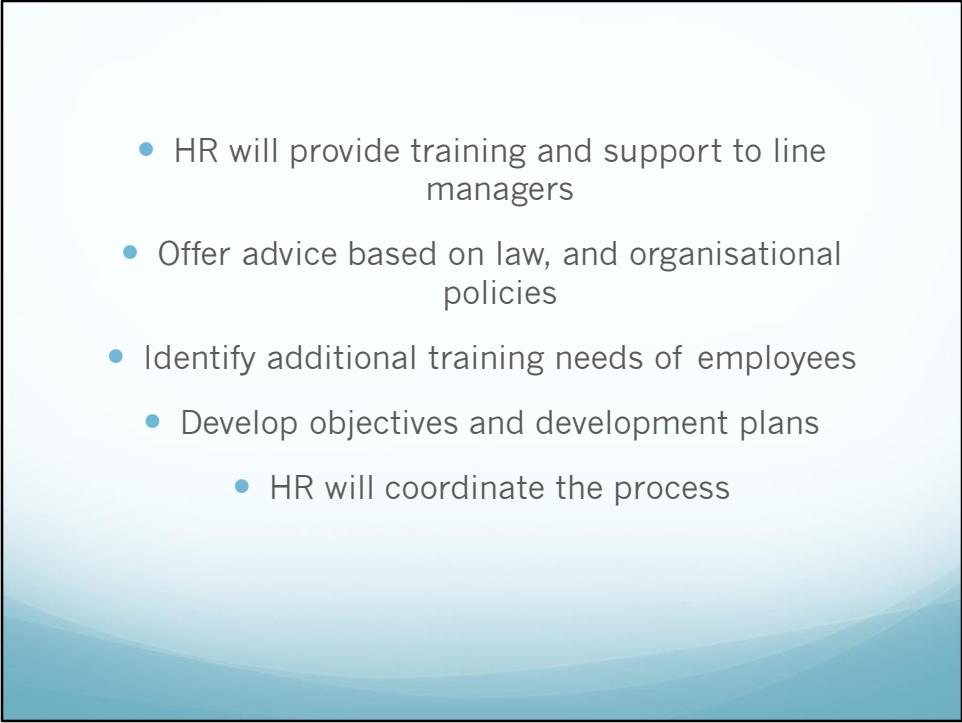
Line managers play a key part in undertaking performance management duties, this can include: supervisions; appraisals; reviewing and providing feedback on employee performance; delegating work; and highlighting any concerns or additional training needs to HR (CIPD, 2019).

3.1

Whereas previously HR would normally take control of performance management activities such as appraisals, the role has evolved and now involves line managers having the ability to motivate, spot talent, and coach employees on the job (Personnel today, 2008).

Ways in which HR and Line
Managers can work together
in performance
management processes

3.2

- 
- HR will provide training and support to line managers
 - Offer advice based on law, and organisational policies
 - Identify additional training needs of employees
 - Develop objectives and development plans
 - HR will coordinate the process

3.2



HR and Line Managers working Together

3.2

By working together, HR and line managers can ensure that they are effectively monitoring and managing performance management processes, and following a consistent process across the board. HR will usually train and develop managers to be able to carry out performance management activities such as appraisals, and support managers when dealing with performance issues. HR will offer advice to managers based on current law and legislation, and the policies and procedures within the organisation.

When dealing with performance issues, HR will assist the manager to identify whether or not there are any additional training needs, and decide on any action that needs to be taken by them as management. HR will also act as a 'coordinator' by delegating performance management duties to line managers.

HR and line managers will also work together to create future training requirements that may be necessary due to changing business needs.

(Chron, 2020)

Conclusion

Throughout this presentation we have discussed:

- ◆ High Performance Working and the link to organisational performance and employee wellbeing
- ◆ The stages of the performance management cycle and how it contributes to employee commitment and engagement
- ◆ Line managers role in performance management
- ◆ How HR and line managers can work together in performance management processes

Conclusion

It's evident that High Performance Working Systems have an effect on all areas of an organisation.

For an organisation to maximise performance, it depends on the leadership team to adhere to and implement HPW.

Bibliography

AIHR Digital (2020) *A guide to the performance management cycle* [online article]. Available at: <https://www.digitalhrtech.com/performance-management-cycle/> (Accessed: 12th July 2020)

Armstrong (2016) *Armstrong's handbook of reward management practice* [online book]. Available at: https://books.google.co.uk/books?hl=en&lr=&id=kQ4mK1UeZ8gC&oi=fnd&pg=PR3&dq=performance+management+recognising+and+rewarding+talent&ots=pRKY8ZyTfH&sig=n7mlHqrVMe4HJlI3Ky43e_l8EdE#v=onepage&q=performance%20management%20recognising%20and%20rewarding%20talent&f=false (accessed: 15th July 2020)

Boxall, P. and Macky, K. (2014) *High-involvement work processes, work intensification and employee well-being* [Article]. DOI: 10.1177/0950017013512714

Chron (2020) *Why should HR and Line Managers work together?* [article]. Available at: <https://smallbusiness.chron.com/should-hr-line-managers-work-together-10377.html> (Accessed: 15th July 2020)

CIPD (2018) *HRM and talent management – driving performance* [Factsheet]. Available at: <https://www.cipd.co.uk/news-views/nutshell/issue-75/talent-management> (Accessed: 3rd July 2020)

CIPD (2019) *Line managers' role in supporting the people profession* [Factsheet]. Available at: <https://www.cipd.co.uk/knowledge/fundamentals/people/hr/line-managers-factsheet> (Accessed: 6th July 2020)

Clear Review (2017) *Explaining the stages of the performance management cycle*. [online article]. Available at: <https://www.clearreview.com/stages-of-performance-management-cycle/> (Accessed: 11th July 2020)

Miller, J. (2010) *Shaping the future of organisations: what really drives sustainable organisation performance?* [Online Article]. Available at: <https://app.croneri.co.uk/strategic-briefings/shaping-future-organisations-what-really-drives-sustainable-organisation> (Accessed: 3rd July 2020)

Miller, J. (2011) *Sustainable Organisation Performance: what really makes the difference?* [Research Report]. Available at: <http://www.alanwingrove.com/wp-content/uploads/2011/02/CIPD-Sustainable-Organisation-Performance.pdf> (Accessed: 3rd July 2020)

OPM (2020) *Performance Management* [website]. Available at: <https://www.opm.gov/policy-data-oversight/performance-management/performance-management-cycle/#url=Overview> (Accessed: 12th July 2020)

Personnel Today (2008) *HR and line managers: speaking line managers' language* [online article]. Available at: <https://www.personneltoday.com/hr/hr-and-line-managers-speaking-line-managers-language/> (Accessed: 15th July 2020)

Purcell et al (2003) *Understanding the People and Performance Link: Unlocking the black box* [Research Report]. London: CIPD.

Robinson, D. (2013) *The engaging manager and sticky situations* [Article]. Brighton: Institute for employment studies.

Science Direct (2016) *High Performance Work Systems and Organisational Values: Resource-based View Considerations* [Research Report]. Available at: <https://reader.elsevier.com/reader/sd/pii/S1877042816315749?token=78D1D8A76FB2EC668B792CD9B72F06B964C79F2EBA453AB6B8A0262B5167C25E3CE29CA0D5B386D503A22CE2EE6A81CC> (Accessed: 3rd July 2020)

Silverman, M. and Kerrin, M. and Carter, A. *360 Degree Feedback: beyond the spin* [Article]. Available at: <https://www.employment->

studies.co.uk/system/files/resources/files/418.pdf (Accessed 15th July 2020)

Skills for Care (2019) *Guide to Improvement* [Online Article]. Available at: <https://www.skillsforcare.org.uk/Documents/Standards-legislation/CQC/Guide-to-improvement.pdf> (Accessed: 11th July 2020)

Strategic Management Insight (2013) *Competitive Advantage* [Online Article]. Available at: <https://strategicmanagementinsight.com/topics/competitive-advantage.html> (Accessed: 3rd July 2020)

Taylor, S. and Woodhams, C. (2016) *Human Resource Management: People and Organisations*. 2nd edn. London: CIPD.

Taylor, S. (2016) 'Improving Organisational Performance', in Taylor, S. and Woodhams, C. *Human Resource Management: People and Organisations*. 2nd edn. London: CIPD.

Valamis (2020) *What is the performance management cycle* [Website]. Available at: <https://www.valamis.com/hub/performance-management-cycle> (Accessed: 12th July 2020)