

Understanding the link between individual and organisation performance

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Wordcount: 2525

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Date: 10/09/2021

Qualification: CIPD Diploma in Applied Human Resources

Managing and Improving performance



Introduction

During this presentation we will cover:

Definition and description of high performance working

The link between HPW and organisation performance

The link between HPW and employee well being

Some key performance management activities and the cycle

How performance management can contribute to employee capability and commitment, and recognising and rewarding talent.

The role of line managers in performance management processes and how they can work together with HR.

Definition and description of High performance working

Consist of a bundle of distinct HR management policies and practices which are introduced to an organisation at the same time and which are mutually reinforcing.

Bundle can be seen as 'best practice' designed to attract, retain and engage employees.

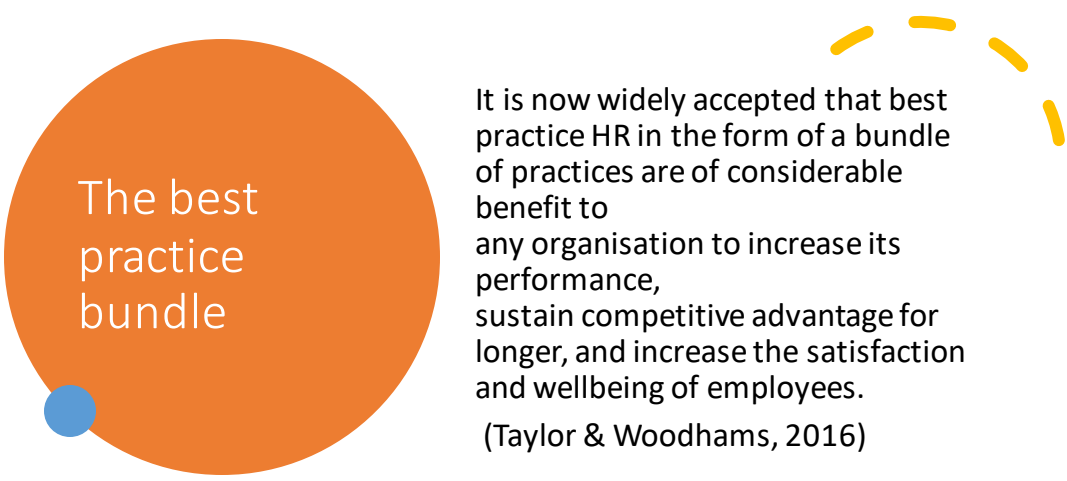
These set of elements help organisations become employers of choice and then once employed those staff are more likely to be actively and positively engaged in their work.

(Taylor and Woodhams, 2016)

Aim to get the best out of people

Employees benefit as well as organisations.

(Taylor and Woodhams, 2016)



The best practice bundle

It is now widely accepted that best practice HR in the form of a bundle of practices are of considerable benefit to any organisation to increase its performance, sustain competitive advantage for longer, and increase the satisfaction and wellbeing of employees.

(Taylor & Woodhams, 2016)

Consists of:

- 1) Sophisticated recruitment and selection practices
- 2) High investment in development and training
- 3)Performance related pay
- 4) Internal promotion systems
- 5) Team based approach
- 6)Fair grievance procedures

(Bosie et al 2005; Satta et al 2005, Marchington and Wilkinson 2012 cited in Taylor Woodhams, 2016)

- 1) Encouraging a broad range of applicants and making an evidence based decision
- 2) Keeping employees up to date with developments in their field, assisting them to advance their knowledge and careers.
- 3) Provides an incentive for employees to perform well and retains them. It attracts strong performers.
- 5) Empowering groups of employees to decide how they can achieve their objectives and making improvements.
- 6) Improves quality of the decisions made and enhances commitment and engagement.

(Bosie et al 2005; Satta et al 2005, Marchington and Wilkinson 2012 cited in Taylor Woodhams, 2016)

Continued...

- 7) Employee participation decision making to form organisation policy and practice
- 8) Information sharing
- 9) An effective performance appraisal system
- 10) Flexible working
- 11) High job security
- 12) Provision of good work life balance
- 13) Harmonisation of terms & conditions of employment

(Bosie et al 2005; Satta et al 2005, Marchington and Wilkinson 2012 cited in Taylor Woodhams, 2016)

7) Managers being transparent and sharing information with employees on issues faced by the organisation and future plans

9) Ensuring everyone has goals to work to which align with organisational objectives.

10) Multi skilling to aid with deployment and to be able to adapt when new opportunities come up.

11) This attracts and retains high performers.

13) same rules apply to all such hours of work, pension, holiday entitlement and onsite facilities.

(Bosie et al 2005; Satta et al 2005, Marchington and Wilkinson 2012 cited in Taylor Woodhams, 2016)

Links between HWP and Performance

Jeffery Pfeffer (1994, 1998)
determined that most of the
fastest growing and
successful companies used the best
practice bundle, whilst the
less successful competitors did not.

(Taylor & Woodhams, 2016)

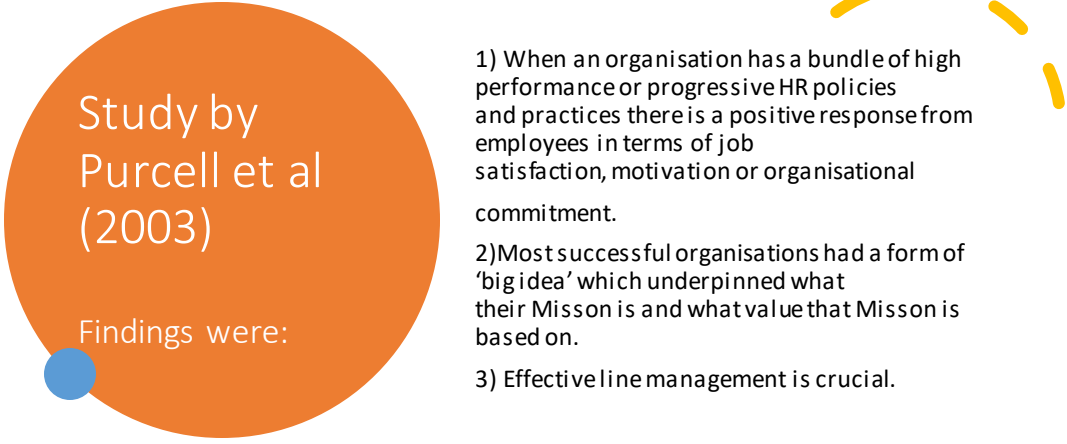
Study by Husseid (1995)

Showed that the more use of sophisticated HR practices that were in a firm, the lower its staff turnover, the higher its market value and profits.

(Taylor & Woodhams, 2016)



It was the first study to demonstrate that people focused HRM paid off in financial terms. (Husseid, 1995 cited in Taylor Woodham, 2016)



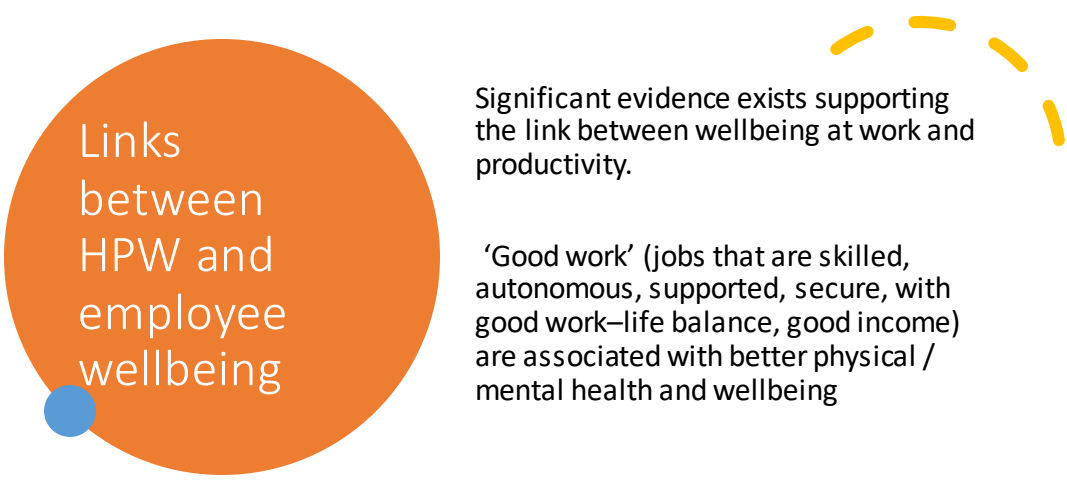
Study by Purcell et al (2003)

Findings were:

- 1) When an organisation has a bundle of high performance or progressive HR policies and practices there is a positive response from employees in terms of job satisfaction, motivation or organisational commitment.
- 2) Most successful organisations had a form of 'big idea' which underpinned what their Mission is and what value that Mission is based on.
- 3) Effective line management is crucial.

(Taylor & Woodhams, 2016)

- 1) Which leads them to work harder and to strive to improve their performance.
 - 2) The big idea and values are embedded in the organisations policies and practices. There is a strong sense of shared purpose.
 - 3) Line managers need to bring to life HR policies and practices.
- (Purcell et al 2003, cited in Taylor & Woodhams, 2016)



Links between HPW and employee wellbeing

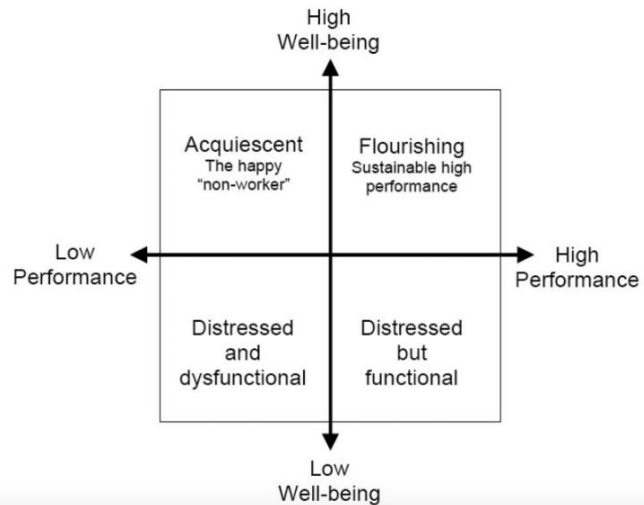
Significant evidence exists supporting the link between wellbeing at work and productivity.

'Good work' (jobs that are skilled, autonomous, supported, secure, with good work–life balance, good income) are associated with better physical / mental health and wellbeing

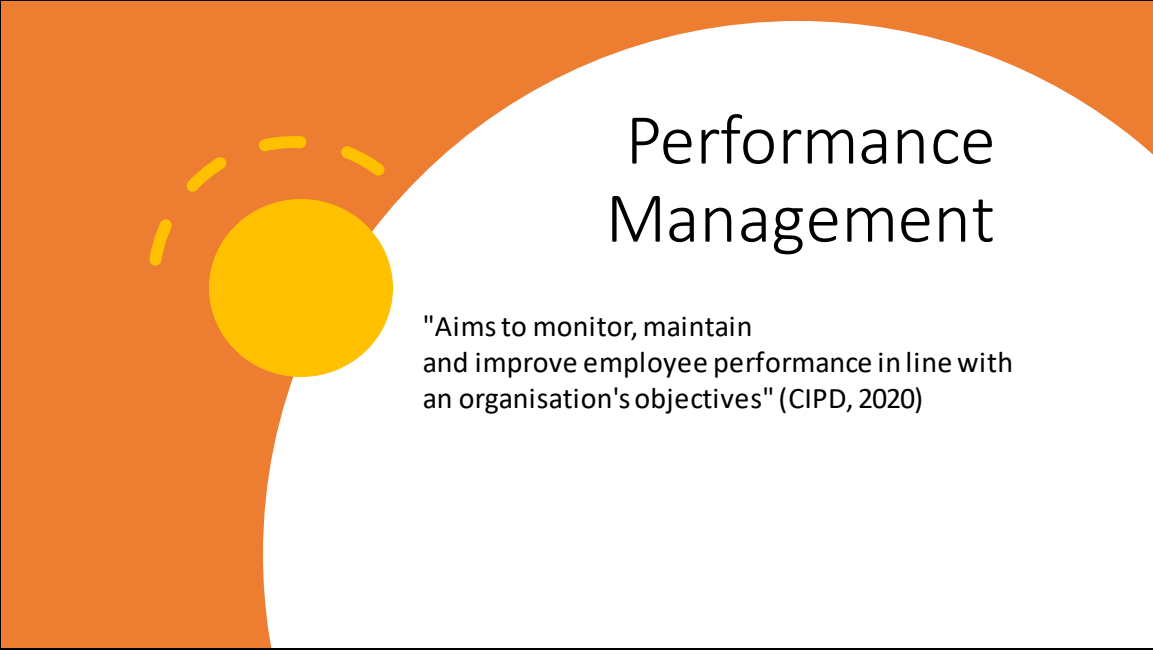
(Personnel today, 2018)

The performance / wellbeing matrix

- (Grant, 2017)



Research shows that focusing only on high performance can cause burnout, stress, disengagement and fatigue. Organisations also need to focus on wellbeing. (Grant, 2017)

The graphic features a large orange semi-circle on the left side of a white rectangular frame. Inside the orange area is a solid yellow circle with three dashed yellow arcs above it, resembling a rising sun. To the right of this graphic, the title 'Performance Management' is written in a large, black, sans-serif font.

Performance Management

"Aims to monitor, maintain and improve employee performance in line with an organisation's objectives" (CIPD, 2020)

Bloom et al study (2012) Cited in Taylor & Woodhams (2016) found strong evidence that organizations were on average 23% more productive when they had formal performance management practices in place which included Targets, Incentives and Monitoring

The main stages of the PM cycle



(Linkedin,2019)

Performance management is a continuous cycle

Planning

This should include Strategic organisational goals, followed by department goals, followed by individual performance and development goals.

Monitoring

From the planned goals employees and managers can draw up plans and monitor performance continually.

Rating and Rewarding

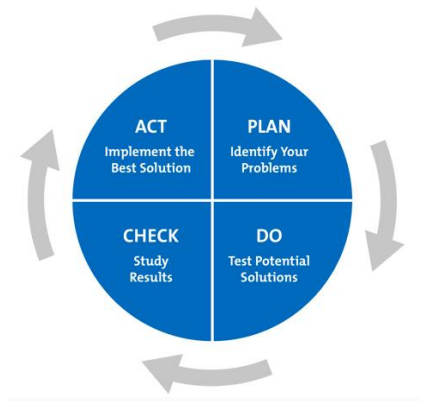
Regular feedback and reviewing against objectives with recognition and reward for achieving goals.

Developing.

Identifying training and development needs.

(CIPD, 2020)

The Plan-Do-Check-Act cycle (PDCA)



Performance management is a natural process of management.

William Deming's (1965) Plan-Do-Check-Act model is a loop cycle, not a process with a beginning and an end which consists of - The performance and development agreement which leads to Managing performance throughout the year which leads to Performance review and assessment which leads back to the performance and development agreement.

Plan can consist of objectives, role definition, competencies, personal development.

Do can consist of implementing plans to achieve goals

Check can consist of reviewing performance through dialogue and feedback, building strengths, agreeing on areas of improvement.

Act can consist of implementing performance, improvement plan, personal development plan.

(Mindtools.com)

Key performance management activities

Setting objectives and performance standards

Learning and development

Performance related pay

Behaviour assessments

Culture of high performance

Gary Rees and Ray French (eds.), (2016) Leading, managing and developing people, 5th Chartered Institute of Personnel and Development

For Performance to be managed it has to be defined and measured. (Johnson et al, 2011 cited in Rees & French, 2016)

Setting objectives for individuals, departments and the organization is key, these should be matched with the nature of the work. They could cover targets to meet, activities to complete, or standards to be met. (CIPD, 2020)

- Employees should have agile goals that they can own, and expect change. (Gallup, 2020)

Performance conversations will help employees identify relevant training and development opportunities.

Personal Development plans can be produced together or linked in with performance appraisals as a performance development review (CIPD, 2020)

Behavior assessments – using competency frameworks by identifying behaviors or competencies that are most important for employees to display. The frameworks are then used to judge whether they are meeting or exceeding the requirements of the job in question (Taylor & Woodhams, 2016)

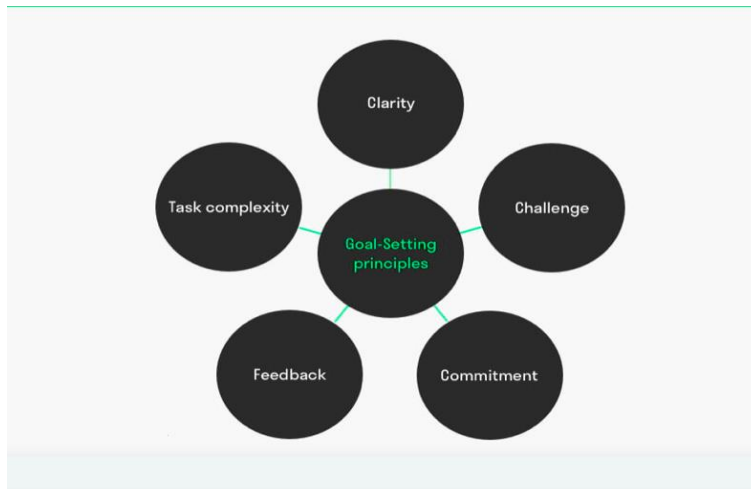
In order to sustain high levels of performance organizations need to embed a culture of performance where employees are committed to helping the organization exceed, and go the extra mile.

This is difficult to achieve but can be done by:

- Building psychological contracts - Senior managers investing time in building high trust relationships with employees
- Establishing positive and deliverable sets of expectations.
- Providing employees with positive experiences, listening to their views and giving autonomy on how when and where they work. (Holbeche 2005 cited in Taylor & Woodhams 2016)

The aim of performance management is to communicate goals, improve organizational / team / individual performance. Increase morale, identify development opportunities, reinforce control.

Latham and Locke (1979) goal setting theory:



According to Latham and Locke (1979) there are 5 goal setting principles that can increase chances of success.

- Setting clear goals
- Setting Challenging Goals
- Securing team comittment
- Gaining feedback
- Considering the task complexity.

(Sari,J 2018)

Performance Reviews

■ ■ ■ Should be a regular activity, not just annual (CIPD, 2020)



Goals should be aligned with overall team goals and organisational goals and should enable the line manager to stretch the employee beyond their comfort zone.



Should be separate to pay reviews



Encourages employees to focus on management objectives (Taylor and Woodhams, 2016)

Such as at the end of a piece of work or project, or every few months. It enables managers to assess and feedback on employees performance and discuss progress towards goals set. They can be highly motivational (CIPD, 2020). Holding reviews annually limits by holding employees accountable for what they did last year, at the expense of improving performance now and in the future. (Harvard Business Review, 2016)

Next generation Performance Management systems will encourage and enable near constant feedback (McKinsey & Company, 2020) digital monitoring and tracking platforms will generate real-time analytic insights - High-performance management depends on high-performance measurement. (MITSLOAN,2020)

As soon as the employee suspects their appraisal result form decision on pay the likelihood of an open and honest conversation diminishes considerably (Taylor and Woodhams, 2016)

Research shows that financial incentives can have a negative impact on performance. Employees have more of a drive to do things because they matter. (Dan Pink, 2013) believes autonomy, the ability to direct our own lives. Mastery, the desire to get

better at something that matters. Purpose, the yearning to do what we do in the service of something larger than ourselves are better reasons to motivate employees. Google is an example of this, it empowers its employees by allowing them to use 20% of their work time on projects that interest them, resulting in happier employees and often good results on the project for google (Business Insider, 2017)

Types of performance reviews

360 feedback

Self assessment

Peer review

Upward feedback

Team performance review.

Performance review process should fit organizational culture and be relevant and meaningful for employees, managers and organizations (Quantum Workplace, 2021)

360 feedback is given by managers, peers, subordinates. Customer ratings can also be included. Confidentiality is key (Taylor Woodham, 2016)

- Self Assessment Improves shared accountability and buy in.
 - Peer Review can work well as feedback sometimes means more from peers and they can have a good vantage point.
 - Upward feedback – it can be encouraging and liberating to be asked to feedback on your manager, it can also give a different perspective.
 - A team performance review can help to define what's important to the team and promote shared ownership of performance.
- (Quantum workplace, 2021)

How performance management can contribute to employee capability and commitment



By employees having clear intended goals and knowing how their performance is managed against them, it allows them to make better day to day decisions at work and become committed to the organisations goals.



If Employees know what the collective objective is, they can adapt their own contribution to it accordingly.



Employees feel more of a bond and commitment to the organisation if they fit in.



By management taking the time to evaluate performance and take a genuine interest in improvement it can improve employee capability and show their commitment to employees, which in turn will gain their commitment.



Employees who are challenged tend to perform better, are inclined to stay with their organisation and be more committed.

(Effectory, 2019)

How performance management can contribute to recognising and rewarding talent.

Continuous performance management allows managers to identify what activity and effort is worthy of recognising and rewarding.

It allows managers to:



See which employees go above and beyond



track progress against goals and personal development.



Make informed decisions about rewards such as additional compensation such as bonus or salary increases.

(Clearview, 2018)

Activities included in performance management should include things such as: agreeing objectives with individuals, measuring and assessing these and providing learning opportunities.

The role of line managers in performance management processes

- They reinforce the link between organisational and individual objectives and engage employees.
- They can set suitable goals that are agile and are clear about expectations (IES, 2019)
- Give employees feedback that holds them to account but also motivates and helps them improve (CIPD, 2020)
- They communicate frequently and keep a constant eye on performance.
- To recognise individuals, understanding individual differences, and giving people credit for good performance. (IES, 2019)
- To take prompt action on issues.

For feedback to be effective it needs to be framed in terms of people's goals and objectives and to be about the work tasks employees are performing. (Science for work, 2017)

Line managers need to give employees feedback that holds them to account but also motivates and helps them improve. They need to be suitably skilled to do this and in turn need to be supported by HR processes that are fit for purpose. (CIPD,2020)

Managers should be given the authority and flexibility to tailor goal setting to the team and the individual as their work changes. (Gallup,2020)

Communication is key. One to ones, team meetings and general daily dialogue allows managers to understand employees performance better and take a supportive coaching approach (IES, 2019)

- Issues need to be raised promptly and concerns balanced by stressing positives. (IES,2019)

Ways HR &
line managers
can work
together in
performance
management
processes

HR need to advise, assist and provide line managers with the training and tools required to accomplish high performance working. (Taylor Woodhams, 2016)

HR need to train line managers on feedback skills, and line managers need to be supported by HR processes that are fit for purpose. (CIPD,2020)

Build a culture of feedback and individual growth.

HR providing advice on performance management issues.



Building a culture of feedback and individual growth starts with leadership, role modelling the right behaviours and managers are having quality conversations that have an impact and inspire people to achieve their goals. (HR Magazine,2016) HR need to ensure line managers have the skills to do this.

Conclusion



High performance working consists of bundle of best practice designed to get the best out of employees (Taylor and Woodhams, 2016)



Studies show that organisations who use the best practice bundle have increased organisational performance, satisfaction and wellbeing of employees and sustained competitive advantage for longer. (Taylor & Woodhams, 2016)



Performance Management aims to monitor, maintain and improve employee performance in line with an organisation's objectives (CIPD, 2020)



Research shows organisations who have a formal performance management program in place are more productive. (Taylor and Woodhams, 2016)

Conclusion continued...



Performance management is a continuous cycle of planning, monitoring, developing and rewarding and rating. (Linkedin, 2019)



Performance management can contribute positively to employee capability and commitment and enable organisations to recognise and reward talent.



Line managers are key to bringing performance management policies into play.



HR need to train line managers on feedback skills and provide them with the tools and training to achieve high performance working in their team through performance management.

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