

Qualification: CIPD Diploma in Applied Human Resources

Module Name: Understanding the Link Between Individual and Organisational Performance.

Activity 1

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Understanding the Link Between Individual and Organisational Performance.

High Performance Working (HPW)

Overview

Researchers have committed their time and efforts to gather if a group of principles are able to better organisational performance. From the research that has been carried out, the most influential set of principles is known as 'High Performance Working (HPW)' (Taylor 2016).

Definition

Taylor defines HPW as 'a bundle of distinct human resource management policies and practices which are introduced in an organisation at the same time and which are mutually reinforcing' (2016).

Overview

Over the last century, many researchers have committed their time and efforts to gather if a group of principles are able to better organisational performance. Some theories have changed the way that industries have worked, but since the introduction of technology and globalisation along with organisations continuously changing, there has been a need to endlessly review. From the research that has been carried out, the most influential set of principles is known as 'High Performance Working (HPW)' (Taylor 2016).

Definition

Taylor defines HPW as 'a bundle of distinct human resource management policies and practices which are introduced in an organisation at the same time and which are mutually reinforcing' (2016). There is no definitive answer to how many practices should be used in each organisation, but research shows that the more the better as they influence and compliment each other to increase commitment. Organisations propose that employees are their most valuable asset and it is essential that people management processes effectively contribute to organisational goals (Gifford 2018).

Organisational Performance and HPW

Studies

- Huselid - financially proved that utilising more HR practices with an organisation led to lessened employee turnover and higher market value leading to higher profits (1995).
- Purcell – his 'black box' study agreed with the above approach but there was a need for other conditions to be satisfied -> the AMO Model (Ability, Motivation and Opportunity).

Organisational Performance

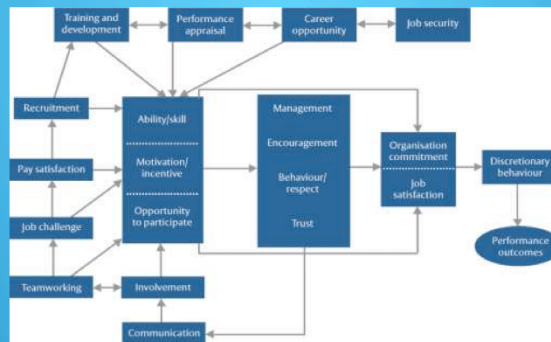
It is suggested that HPW leads to achieving greater levels of organisational performance. When an organisation is committed to working within the best practice approach, it provides it with a positive reputation. Individuals will choose to work with these employers and allows the organisation to attract and carefully recruit the correct applicants by aligning their roles with the mission and values of the organisation. This allows them to be accountable for their objectives and understand their contribution towards organisational success (Gifford 2018). Once they have a clear understanding of their expectations, they become engaged and accept change as a positive to the future of the business. Leading on to feeling valued as they're participation is leading to achievements, nourishing their well-being and fulfilment levels.

A vast amount of research has been undertaken to underpin the link between HPW and organisational performance. Most significantly, Huselid financially proved that utilising more HR practices with an organisation led to lessened employee turnover and higher market value leading to higher profits (1995).

For over 6 years, Purcell, another well-known researcher and his colleagues explored 12 chosen companies across different industries that obtained the sophisticated HR practices. Three major areas were identified from the research;

People Performance Model

The performance infrastructure of the above model included 11 HR policies and practices that are considered necessary to the contribution of performance management.



Referring back to the People Performance Model, the performance infrastructure included 11 HR policies and practices that are considered necessary to the contribution of performance management. It was advised that there isn't a consistent view in the required policies and practices that should be included in each organisation but summarised the main high performance working areas that were identified from research reports (Marchington, Wilkinson, Donnelly and Kynighou 2016).

Job Security and Career Opportunity

It is suggested that an organisation shouldn't anticipate that employees would be committed and enthusiastic in their job if their role were insecure. Having a clear contract of employment with an organisation, which is open, an honest regarding its future will positively impact their workmanship. Over the years, there has been continuous change in the working environment and organisations have been unclear what their future holds (Marchington, Wilkinson, Donnelly and Kynighou 2016). In 2015, ONS reported that 700,000 individuals only employment was 0 hour contracts (2016). This negatively impacts on individuals' wellbeing and the ability to survive.

It is important to note that employment security will not always lead to an employee remaining in the same position for life, but for an organisations contribution towards their career progression. A HR strategy is key in future planning and considering the

Performance Management

Definition

Performance Management is perceived as a continuous process of bettering staff members' performance in consideration with individual and organisational objectives (Gifford 2018).

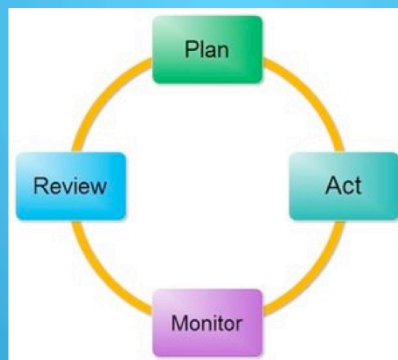
Overview

Employers need to provide employees with the desire, ability and support to achieve their aligned goals. It allows employees to be held accountable for their performance, which can be linked, to the 11 HR practices and bundles in the People Performance Model.

Performance Management is perceived as a continuous process of bettering staff members' performance in consideration with individual and organisational objectives. Organisations expect that employees will react more positively to fulfilling these objectives if they have a clear understanding of their role and performance (Gifford 2018). Overall, employers need to provide employees with the desire, ability and support to achieve their aligned goals. It allows employees to be held accountable for their performance, which can be linked, to the 11 HR practices and bundles in the People Performance Model.

Performance Management Cycle

An endless journey of planning, managing and reviewing an employee's performance management on both a formal and informal basis.



The Performance Management Cycle is an endless journey of planning, managing and reviewing an employee's performance management;

Plan – Business to communicate and discuss personal, team and organisational vision and goals, having a clear definition of their role and define areas of improvement and development

Act – To take into consideration the need to carry out their role effectively and take into account their plan for improvement and capacity to develop.

Manage – Line managers to review performance and provide necessary feedback in line with the standard of their performance.

Review – To evaluate an individual's performance against their plan and goals and discuss their strengths and weakness.

In most organisations, the above process has been both formally informally implemented. HR play a less important role in the informal proceedings, where managers discuss and encourage staff on a day-to-day basis in the most preferred communication method that has been recognised through building a relationship with their employees (Taylor 2016).

Introduction to Performance Appraisals

- In Britain, Taylor advised that the performance appraisal system was introduced in the 1980s.
- The basis of the Performance Appraisal was conducting an annual meeting between both the line manager and employee to discuss their performance.
- Conventionally, performance appraisals have concentrated on achieving two aspects.
 - 1) allowing an employee to review their performance;
 - 2) proposing future development needs through PDP (Personal Development Plans).

Traditionally, formal proceedings can be most commonly known as 'Performance Appraisals'. The formal process works in conjunctions with the informal day-to-day basis, but HR professionals are more involved with HR practices and bundles being taken into consideration. In Britain, Taylor advised that the performance appraisal system was introduced in the 1980s; with speculation that it was initiated to support decisions around performance related pay and allow organisations to stay ahead of competitors by regularly planning an employees objectives against organisational priorities (2016).

The basis of the Performance Appraisal was conducting an annual meeting between both the line manager and employee to discuss their performance. According to Bloom et al, his research into the effectiveness of these meetings resulted in 23% of organisations advising that staff were more productive. Employees would take away set targets, incentives to motivate them achieve their targets and allow businesses to monitor the information received to identify areas of concern (2010). Not only concentrating on the performance of the individual, but allowing them to be accountable for themselves, their team and organisational improvement, developing skills and maximising their contribution to achieving goals (Gifford 2018).

Conventionally, performance appraisals have concentrated on achieving two aspects. Firstly, allowing an employee to review their performance and secondly, proposing

Appraisal Aim and Assessments

Can choose from two options:

1. Behavioural – evaluated against set standards.
2. Output-based – evaluated against specified targets.

SMART tool is used to set aims and objectives for individuals, teams and organisations.

The appraisal can be set on the basis of behavioural or output-based assessments. Respectively, being evaluated against agreed set standards to against specified targets (more commonly used in manufacturing and sales industries) (Gifford 2018). It is possible to utilise both assessment approaches, allowing both parties to chose appraisal aims that satisfies organisational requirements and personal goals (Taylor 2016). Recently, employers rely on more than just areas to recognise employee production. Working collectively as a team allows employees to share knowledge and skills resulting in learning and development areas being identified.

Referring back to setting aims, the SMART (**S**pecific, **M**easurable, **A**chievable, **R**ealistic, **T**ime bound) toolkit can be used to support line managers in setting objectives (Taylor, 2016). Although, the nature of an employee's role should be taken into consideration when setting their objectives, including having to set individual or team targets. However CIPD highlighted that their research identified that targets are taken more seriously when set by a line manager (Gifford 2018).

Traditional v 360 Degree Feedback

Traditional – meeting between both line manager and employee, where the employee has complete their specific sections and the manager will complete their following the meeting. It is then signed and objectives would be implemented and reviewed at the next annual meeting.

Some critiques include:

- As the employee have completed their part, the meetings can be conveyed as an opportunity for line managers to express their views without the opportunity for employees to share.
- Disallowing plenty of time to thoroughly discuss the appraisal and prepare for the year ahead.
- More applicable in larger and global organisations, the lack of performance knowledge and relationship the line manager has with the employee.

360-degree appraisal – The receiving feedback from not only the line manager but also most hierarchical levels of the organisation, customers and self-evaluation. It concludes with a report with the outcome of the process being provided to the line manager. It is a collective process, that can target areas for development and can reassure line managers that they're employee is worthy of reward if admired by many (Taylor 2016).

Following criticisms have been noted;

- Ability to ensure that all feedback is impartial and only takes into consideration the interest of the employee.
- Personal grievance with an employee.
- Provide incorrect ratings for an employee that senior management don't want to see progress.

Performance Appraisals are traditionally structured as a meeting between both line manager and employee, where the employee has complete their specific sections and the manager will complete their following the meeting. It is then signed and objectives would be implemented and reviewed at the next annual meeting. Researchers continue to criticise this approach and have openly questioned if there is a link between an appraisal and organisational achievements (Taylor 2016). The critiques include:

- As the employee have completed their part, the meetings can be conveyed as an opportunity for line managers to express their views without the opportunity for employees to share.
- Disallowing plenty of time to thoroughly discuss the appraisal and prepare for the year ahead.
- More applicable in larger and global organisations, the lack of performance knowledge and relationship the line manager has with the employee.

Line managers are aware that the result of an appraisal could negatively damage their working relationship, affecting the employees' influence towards their work, which raises concern around the value of the process when managers are lenient to providing a softer evaluation (Gifford 2018). Consideration needs to be given to the line managers conducting the meetings and if they are capable of carrying out the role. Colquitt recognised through behavioural science research that performance

HR contribution and responsibility

Key priority

To encourage and support employee performance in collaboration with line managers.

Support line managers by;

- Arranging appraisal training.
- Providing advice.
- Creating policies and procedures.

Moving forward

HR are responsible for reviewing performance management systems and ensuring that they are fit for purpose, including:

- Five Conversations Framework – five meetings held over 6 months to discuss different aspects of their role (Baker 2016)
- Digital – introduce artificial intelligence and learner processes to empower employees to fulfill their roles more efficiently.

HR and Line Managers

From a HR perspective, encouraging and supporting employee performance is a key priority. To allow this priority to be met, HR and line managers must assist each other to achieve success. Within performance manager, HR is responsible for producing policies and providing sound advice for line managers to implement and grow (Taylor 2016).

To begin, all line managers need training to allow them to successfully conduct a performance appraisal. HR professionals will arrange this training, which would cover consistency across the organisation, encouraging employees to share their thoughts, allowing sufficient time and preparing for the meeting and most importantly ensuring that the appraisal is positive by discussing objectives moving forward (Taylor 2016). This training can be carried out through role playing exercises including a demonstration of poor performance and providing a demonstration of an appraisal meeting and encouraging feedback from attendees to list the positives and negatives (Taylor 2016).

Following completion of an appraisal policy, HR would create a form. The form would reflect the content of the policy and procedure. After receiving training, line managers would understand their obligations and work collaboratively with HR to manage any poor performance or training needs identified (Taylor 2016).

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