

MANAGING AND IMPROVING PERFORMANCE

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PERFORMANCE – WHAT IS IT?

- Getting the best out of our employees
- Helping them by giving them the training and tools to perform better.
- Reviews and appraisals
- Culture that supports performance.
- Meeting and exceeding objectives.
- Employees doing the job they are employed to do.
- HR improving and seeking to maximise employee performance.

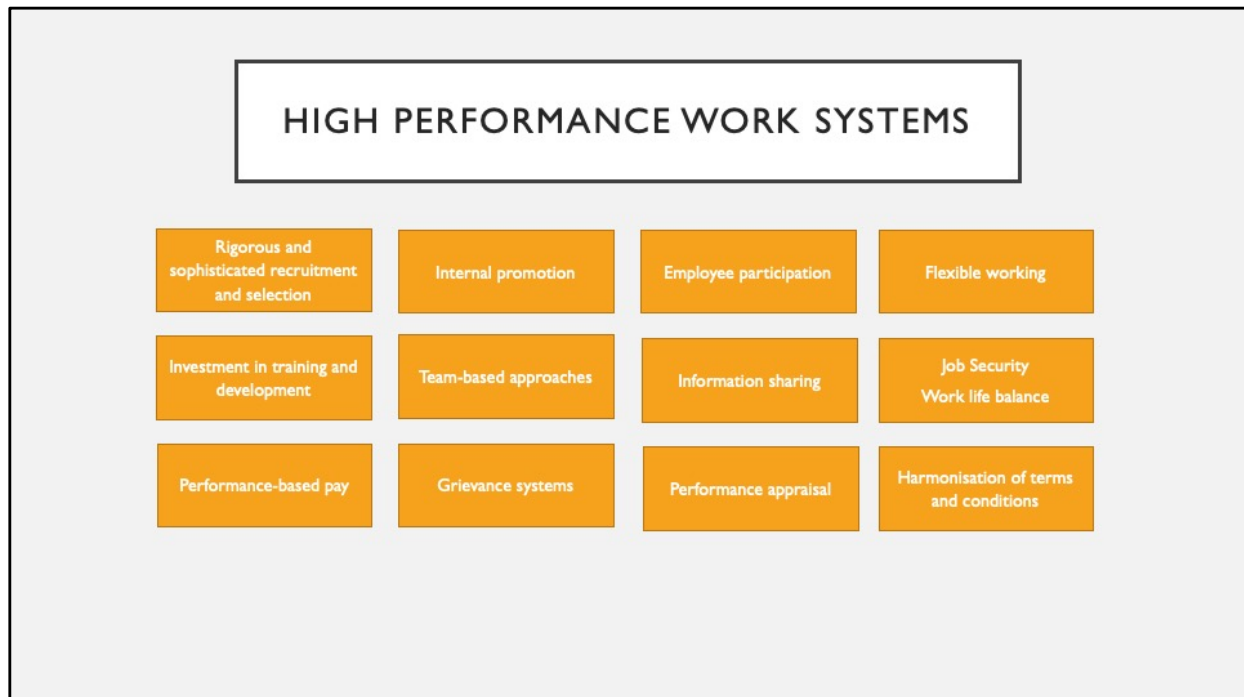
One of the central objectives of human resource management is to improve and seek to maximise employee performance. Once we have recruited the right people with the right skills and experience through a sophisticated recruitment process the next stage is finding out how to get the best out of them. This is done by ensuring that the employees have the right training and tools. A culture that supports performance is essential for successful organisations, as well as building 'high performance working'. (Taylor, 2016).

HIGH PERFORMANCE WORKING

High-performance work systems' are defined as 'a set, or bundle, of human resource management practices related to selection, training, performance management, compensation, and information sharing that are designed to attract, retrain, and motivate employees' (Messersmith and Guthrie 2010, p.242).

A study by The UK Commission on Employment and Skills (Campbell and Giles, 2009) defined HPW as: "a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance". It changes workplaces from hierarchical to organisations that 'aim to stimulate more effective employee involvement and commitment' thereby achieving higher performance levels. (UKCES, 2013) HPW is also known as high commitment HRM, high involvement work practices and best practice HRM.

It focusses on building a culture with trust, transparency and open communication by introducing a set of policies and procedures at the same time. This best practice approach is associated with high levels of organisational performance and organisations develop to become 'employers of choice' as staff are more engaged, committed and understand the organisational values, goals and objectives. For high performance working to be facilitated, leaders need to lead by example to ensure that stated and acted values are the same. (Tamkin, 2004)



Studies show that there is no definite make up of High Performance Work Systems, and they can have a wide variety of different elements (Paauwe et al 2013, pp7-8) but should promote employee commitment and involvement by including:

Recruitment and selection – encourage applications from broad range of candidates with evidence based decisions on appointment

Investment in training and development – keeping employees up to date with developments in their area, allowing advancement.

Performance-based pay to attract strong performers and retain staff. Internal promotion – based on merit. Team-based approaches – empowerment. Grievance systems - employees confident to use system. Employee participation – autonomy increases engagement. Information sharing – transparency and equality. Performance appraisal – goal setting in line with organisational objectives

Flexible working – multi-skilling to allow deployment and adaption. Job security – Attracts and retains whilst underpinning engagement and commitment. Work-life balance – increased well-being and less sickness

Harmonisation of terms and conditions – equal rules across organisation for holiday entitlement, pensions, on-site facilities.

(Boselle et al 2005; Datta et al 2005; Marchington and Wilkinson 2012)



Research carried out by Stanford University by Pfeffer (1994, 1998) explored the link between high performance working systems and how they led to organizational success. He found that organisations with a mixture of policies and procedures that are aligned with best practice were more likely to achieve organizational success, this was also agreed in the 'black box studies' carried out by (Purcell et al 2003)..

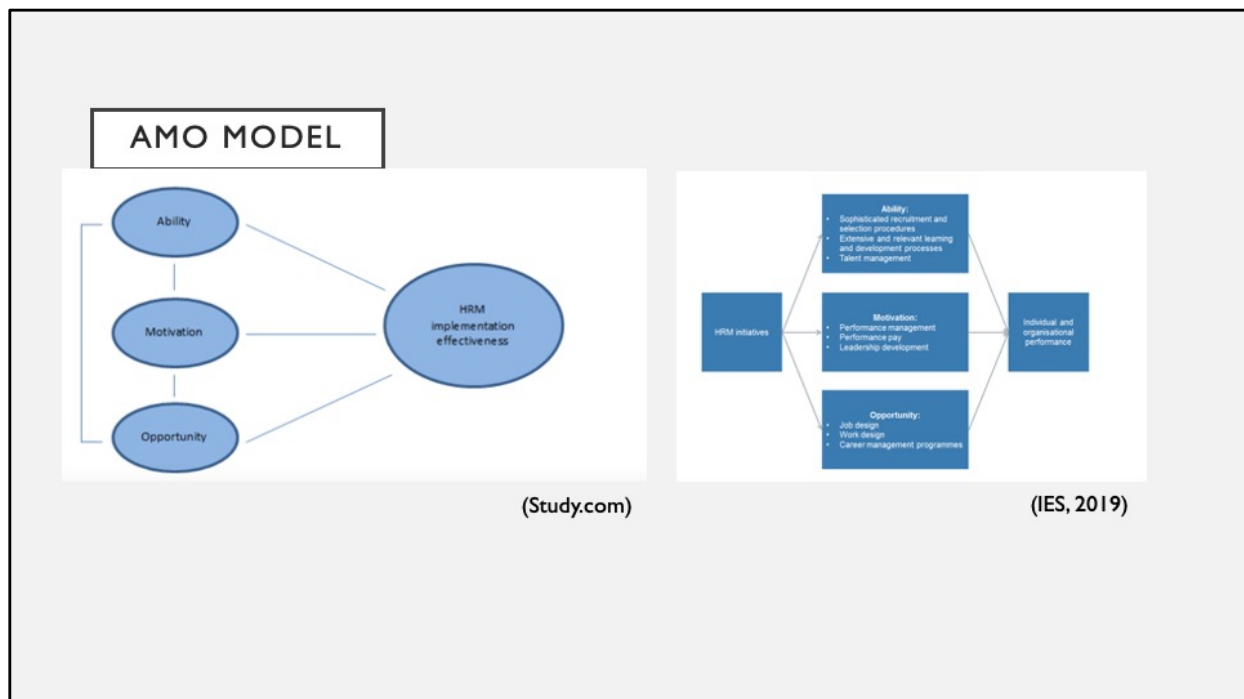
Research carried out by (Huselid, 1995) found that employees were more effective and had higher commitment if they knew what was expected of them in their role.

Organisations that engage, listen and can adjust as situations change gain the competitive advantage. Organisations need to be able to adapt and change their goals as situations arise – as has happened recently during the Covid pandemic.

Good management is needed more than ever with agile goals, coaching and high accountability systems. (Gallup, 2020)

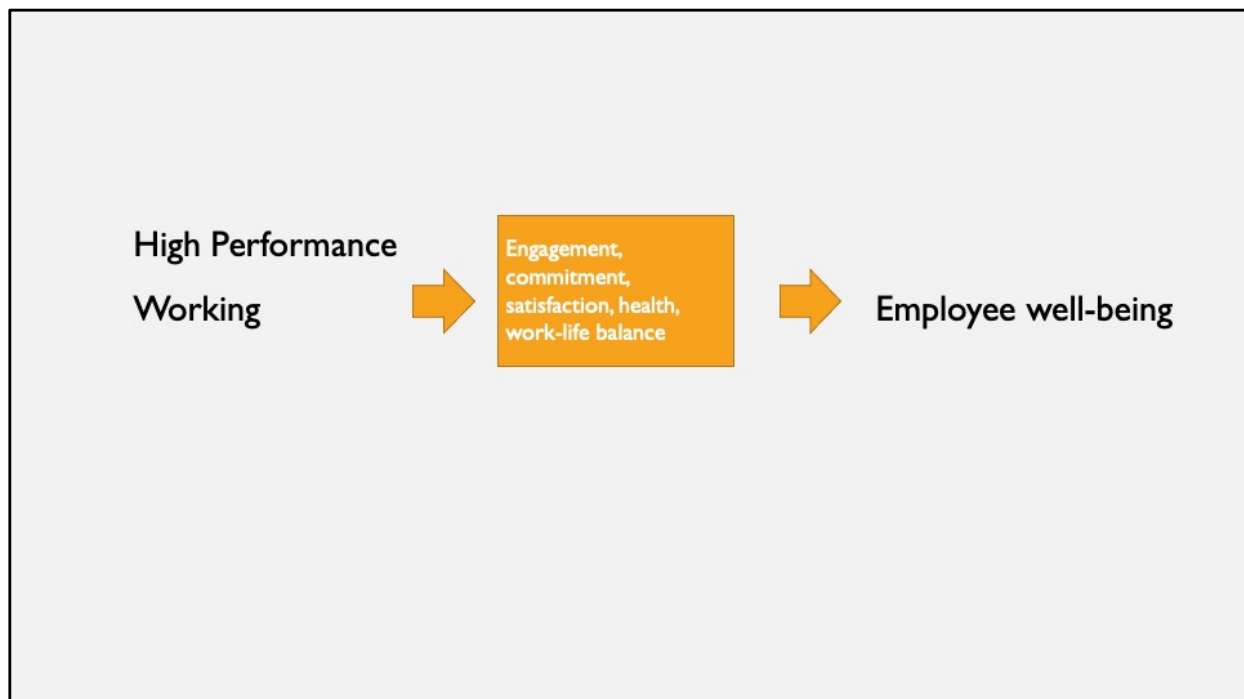
An example of an organization being adaptable is Netflix who started as a DVD rental company but then moved to streaming to allow instant access via the internet making the company worth more than \$200 billion.

Research has shown that high performance working improves organisational performance (Becker and Huselid, 2006) and individual job satisfaction, service quality and behaviour (Cheng and Wang, 2011) However (Way and Johnson 2005) states that more research is needed to explore how and why.



The black box studies found a link between HRM activity and increased performance, but reinforced that there was not an automatic link. (Taylor, 2016) The AMO model was advocated which identified that increased performance was achieved by: A – increasing the ability of employees M – motivating employees O – providing opportunities to contribute to the organization

If any of the above are missing, performance will be affected but if all three are implemented then performance is sustained. High Performance working is achieved by moving away from the traditional organizational structure to non-hierarchical structures, improved team working, autonomy, trust, communication and involvement. (Kettley, 1995). Organisations that ensure that employees are valued, skilled and provided with the correct resources to improve their skills and actions within the workplace (Bach, 2005), will achieve competitive advantage and the employees actions ‘make it happen’. (Philpott, 2006). Organisations such as Google, Microsoft and Apple are know for their HPW by creating an excellent employer brand by being rewarding places to work by providing attractive working environments allowing employees to interact. (Groves et al, 2010) However it is the employees that are responsible for sustained performance (Fleetwood &Hesketh, 2010) and only by measuring performance prior to HPWS and again afterwards would we be able to identify a definite link that it causes increased business performance.

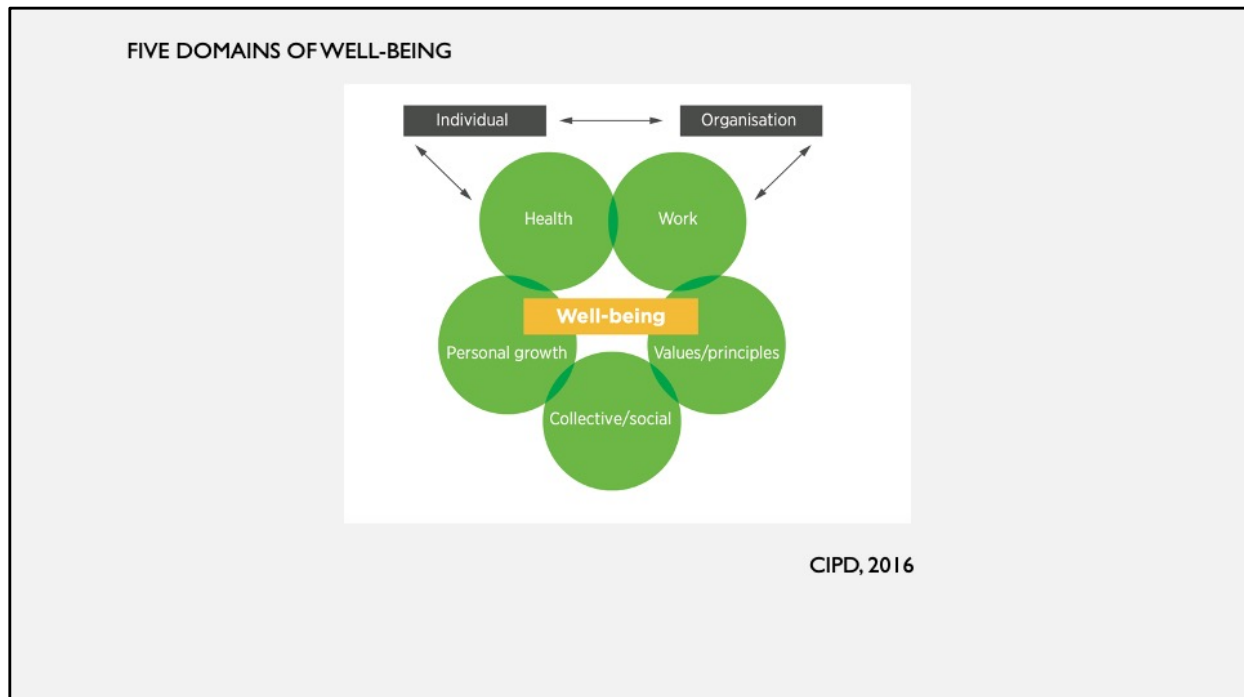


Research carried out by C3 Health identified a clear link between high performance working and employee well-being. They established that when employees were happy and healthy they were more likely to contribute higher levels of productivity. Employees that were given autonomy, flexibility and a clear understanding of their roles remained focused and engaged leading to them contributing to a high performance culture.

In a journal by (Work, Employment & Society, 2014) it was shown that high levels of work intensity cause fatigue and stress undermining well-being, whereas increased autonomy and supportive processes can improve well-being.

Royal Mail are an example of an organization that implemented HPW. After losing on average £1million per day, morale was low, there were higher than average accident rates and targets were not being met. Over 18 months management teams who were invested in employee health and well-being put the employees at the forefront of the company, which led to halving accident rates, profits rose, targets were reached and absence rates fell. (Boorman, 2009)

Health and well-being are an increased priority for organisations more than ever due to Covid, but to create healthy workplaces employer's need to ensure that line managers have the necessary skills to implement policies and processes and know when to signpost employees to support if needed. A well-being framework assesses the risks to health and focuses on prevention. (CIPD Health and Wellbeing survey, 2020) Well-being is one of the strands of Dyfed Powys Police Calon framework.



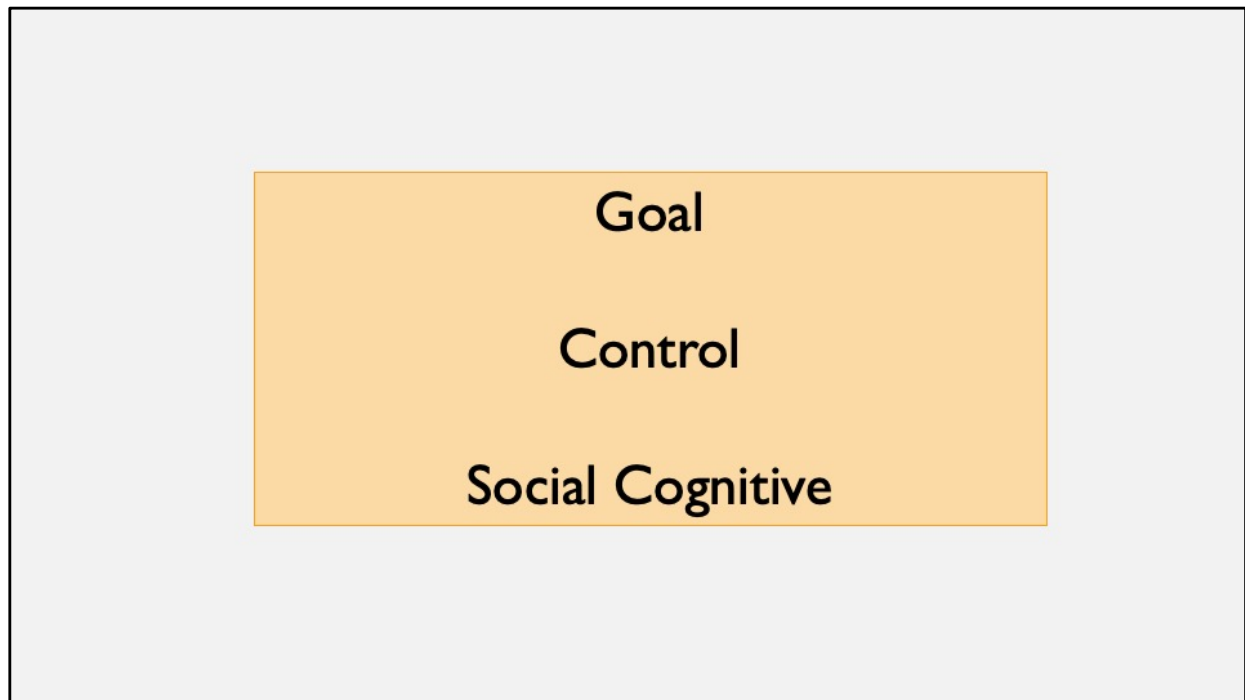
(CIPD, 2016) tells us that HR professionals are pivotal to ensuring that organisations have health and well-being as a strategic priority. The five domains of well-being enable organisations to plan what is needed to create a well-being focused organization.

Senior Managers need to lead by example as line managers and employees will be more likely to engage in health and well-being interventions if they can see managers participating in them. This is crucial for health and well-being to become embedded across organization's operations, people management activities and culture. Organisations with a well-being culture not only have reduced absence but also benefit from improved engagement and employee retention along with increased performance and productivity. Evaluating these benefits within organisations is essential to ensure ongoing financial commitment to health and well-being.

WHAT IS PERFORMANCE MANAGEMENT

- Performance Management is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organisation, planning performance to achieve those goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people (Armstrong, 2016).

Informal performance management continues on a daily basis in most organisations with line managers engaging and motivating their staff continually. HR departments have little input on the informal process but play a central role in formal performance management systems. Within Dyfed Powys Police we use a performance review system called D.A.P. (Development & Assessment Profile) with monthly 1:1 meetings, interim and annual reviews where any issues can be addressed at an early stage. Research carried out by (Bloom et al, 2012) found that organisations with formal performance management processes were 23% more productive. Performance reviews are held between line managers and employees and should be motivating and inspiring (HR Management, 2016). Reviews should also include a 'self appraisal' section to allow the process to be 'two-way' (Beaumont, 1993)



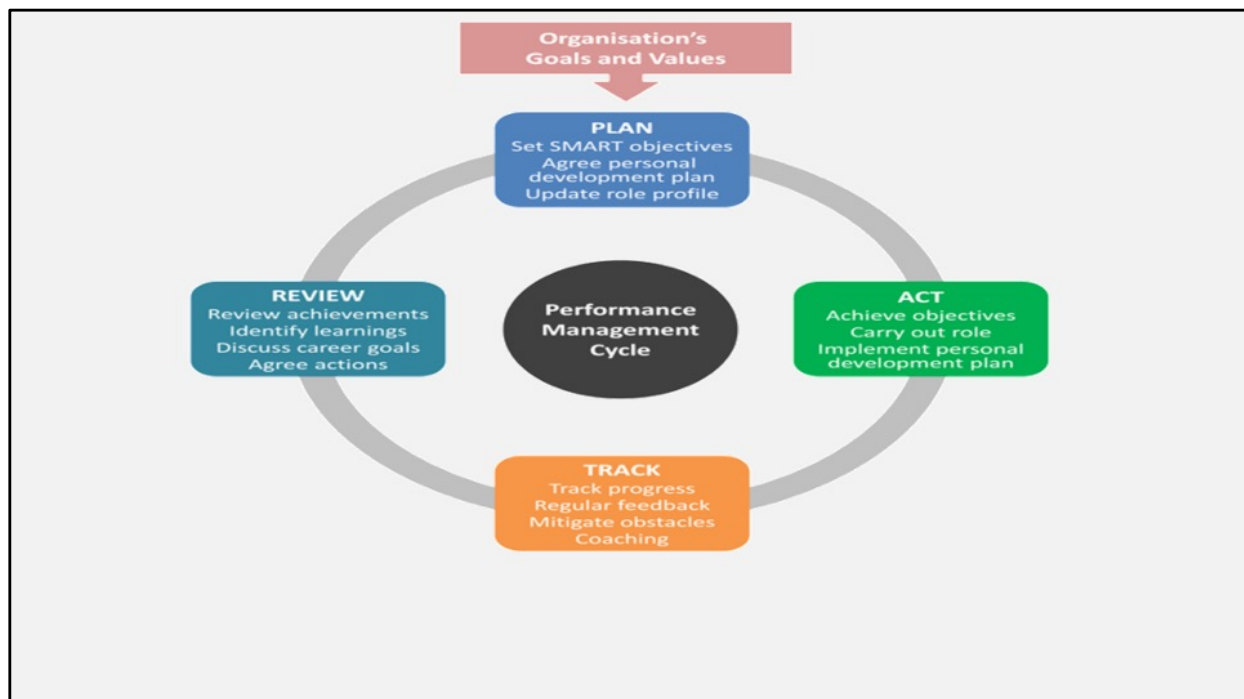
There are three theories that underpin performance management as identified by (Thomas, 2007) including:

Goal – (Latham and Locke, 1979) – goals direct attention to priorities, stimulate effort, challenge people to bring their knowledge and skills to increase the chance of success, the more challenging the goal, the more people will draw on their skills.

Control – feedback as a means of shaping behaviour. Employees recognise what they currently do and what they have to do to improve.

Social Cognitive – (Bandura, 1999) encouraging self-belief which encourages performance by giving positive self belief.

Performance management systems need to be flexible especially during uncertain times as was seen during the recent Covid pandemic. Agile goals, ongoing feedback and flexible incentives are key.



The four main stages of the performance management cycle are Planning, Acting, Monitoring/Tracking and Reviewing. (Hearn, 2017)

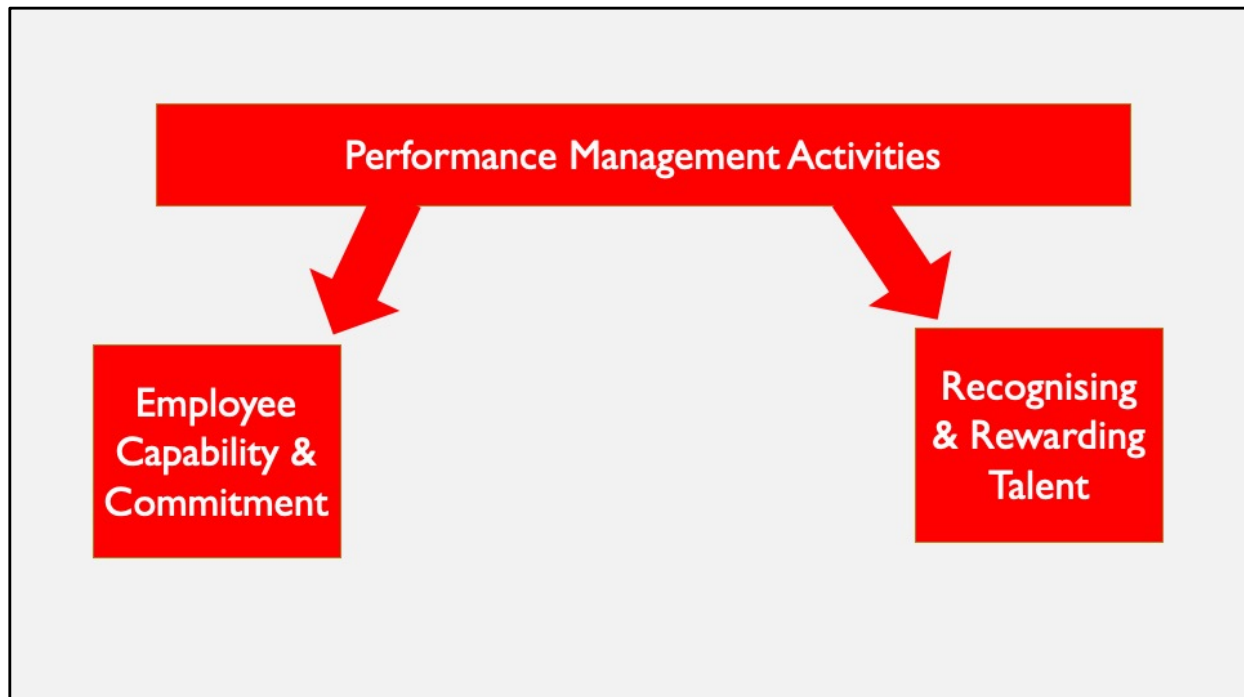
The evidence based guide by (Armstrong, 2006) listed them as:

Planning – setting objectives which should be SMART (Specific, Measurable, Achievable, Relevant and Timely) and in line with company objectives (Clear Review, nd). Objectives should be organizational and personal and be communicated clearly to employees. Our main organizational objective is set by the Chief Constable, departmental by our Head of HR and our personal objectives set after two-way discussions with our line manager.

Acting – employees should achieve their objectives whilst carrying out their role

Tracking/Monitoring – regular feedback sessions to track whether employees are achieving objectives or having any difficulties. We have regular monthly 1:1 meetings to track our progress and write regular reflective journals which we receive feedback on from our line manager.

Review – interim and annual reviews for line manager and employee to discuss whether objectives have been met – grading awarded if they have been met and discussions on training or development needs if not. Any training needs or requirements we may have are discussed at our annual review.



(CIPD, 2020) tell us that performance management aims to monitor, maintain and improve employee performance in line with an organisation's objectives. Most performance management activities are led by the line manager but as is shown in a case study by (ACAS) some organisations such as SIKKA reversed the role and their performance reviews are initiated and led by the employee which has proved successful as the conversations are now triggered by the employee and can often be when their life circumstances change which provides the line manager with context that they may not have been aware of. Capability and commitment can change due to a variety of reasons including lack of training or demotivation. By carrying out regular reviews any problems can be identified at an early stage and if capability issues are identified the employee could benefit from shadowing someone who is more proficient to aid their development (ACAS, 2019). Performance needs to be managed well to ensure staff are performing to the best of their ability, feel motivated and are making contributions to the organisational goals. They are also used to acknowledge the employee's work and to identify any areas of poor performance. If areas of low performance are identified, employees are offered a Personal Development Plan (PDP) to identify the areas of improvement and to provide guidelines so the employee is aware of the improvements required.

Research shows that:

83% of employees working in an environment with good reward and recognition structures say they are content in their position

69% of workers will work harder if they know their work is valued and appreciated

Businesses that have effective reward structures enjoy an almost 50% rise in employee engagement

Clear View (nd)

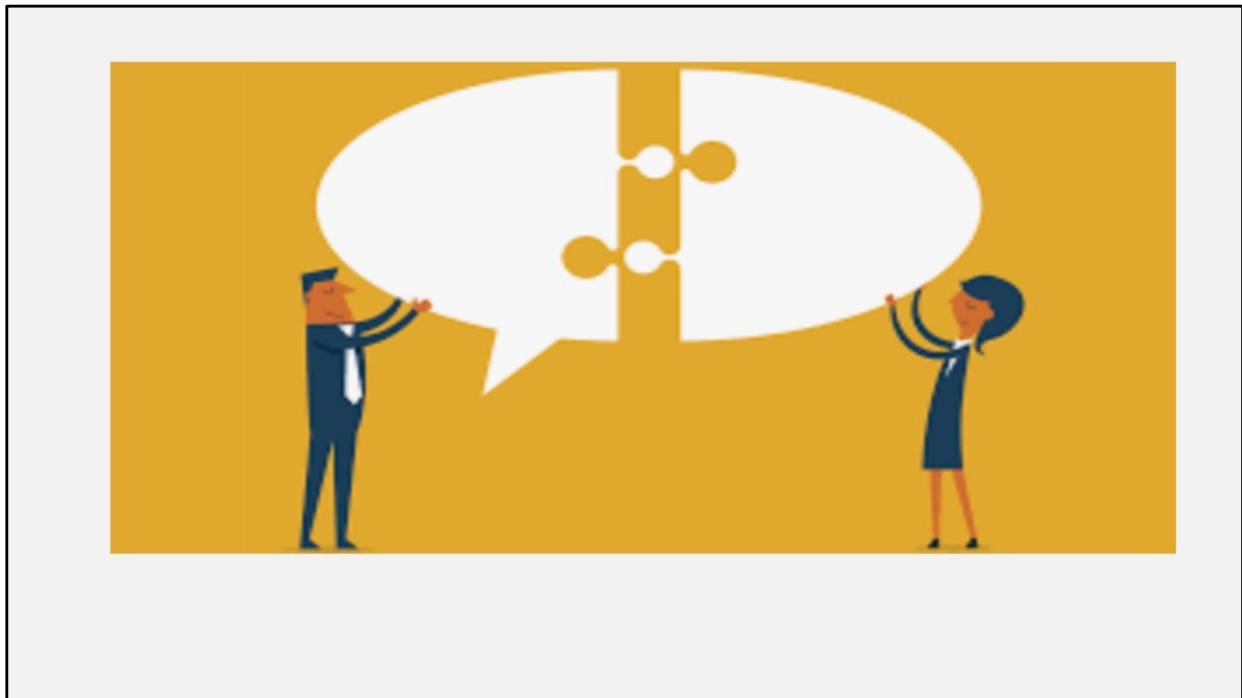
Performance management assists line managers to identify employees that contribute to HPW by tracking the progress against the organisational and personal objectives. Reward and recognition are important for employee commitment and (Clear View, nd) have carried out research that has shown:

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Businesses that have effective reward structures enjoy an almost 50% rise in employee engagement

However recognising and rewarding talent does not always need to be financial – peer to peer recognition, well-being events, positive feedback and even a sincere thank you can be very rewarding for employees.



Good performance appraisals need to be fair with no unfair bias as identified by Rowe (1986) and regular evaluation of the process is essential. Appraisals need to be two-way conversations as many Line Managers do the majority of the talking (Beer, 1985). The appraisals should also cover any factors that may have assisted or hindered performance, any support or development that is needed and how the employee's future can be developed. (CIPD, 2020) Time can also be an issue for Line Managers (Philp, 1990). Managers should set objectives that are SMART : (specific, measurable, achievable, realistic, time-bound) but as organisation priorities change, priorities that were important when the objectives were set twelve months previously may now not be as important. Rose (2000) criticised the SMART objective setting as DUMB (defective, unrealistic, misdirected, bureaucratic) as if employees aim to meet the original objectives rather than the ones that reflect the new realities, this is more damaging to the organisational performance than improving it. Line Managers can carry out two types of performance assessments – Behavioural or Output-Based. In the behavioural assessment the Line Manager assesses the performance on the basis of their evaluation throughout the assessment period. Output-based assessments appraise employees on the basis of quantifiable data - this type of assessment is used where employees repeat the same activity continually which allows for clear measures.

Just a tick box exercise ?

Outstanding Performance	
Good Performance	✓
Satisfactory Performance	
Low Performance	

Many organisations view performance appraisals as a tick box exercise and Rowe (1986) identified tendencies of Line Managers which include: a good assessment based on one aspect being accomplished well, avoiding low ratings due to upsetting employee, poor assessment on the basis of one poor area of performance or weighting a recent occurrence or historic performance to reach judgements, rating employee as 'average' or 'good' rather than end points of rating scale, rating employees, rating subordinates at a lower level than the Manager achieved when in their position. Line Managers should ask open and closed questions, actively listen and give constructive feedback focussing on evidence. They should reinforce positives and strengths and should know when to be directive and when they should use a coaching approach. Research by the CIPD shows that a strength based approach allows employees to build on their strengths and replicate success. (Kluger and Nir) describe how managers should use strength-based performance conversations as:

Step 1 – 'Eliciting a success story': What has worked well for the employee?

Step 2 – 'Discovering your personal success code': How did they contribute to the success?

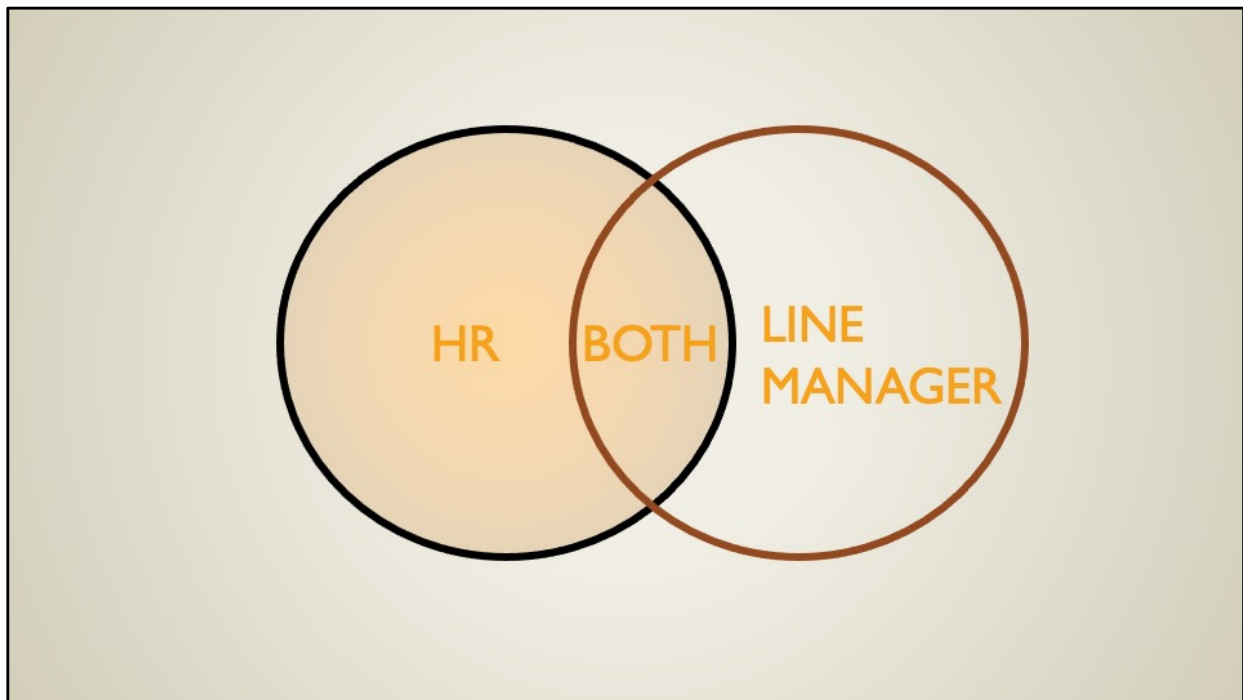
Step 3 – 'The feedforward question': Ask them to reflect on their current priorities and consider how they can replicate the success

360 Feedback



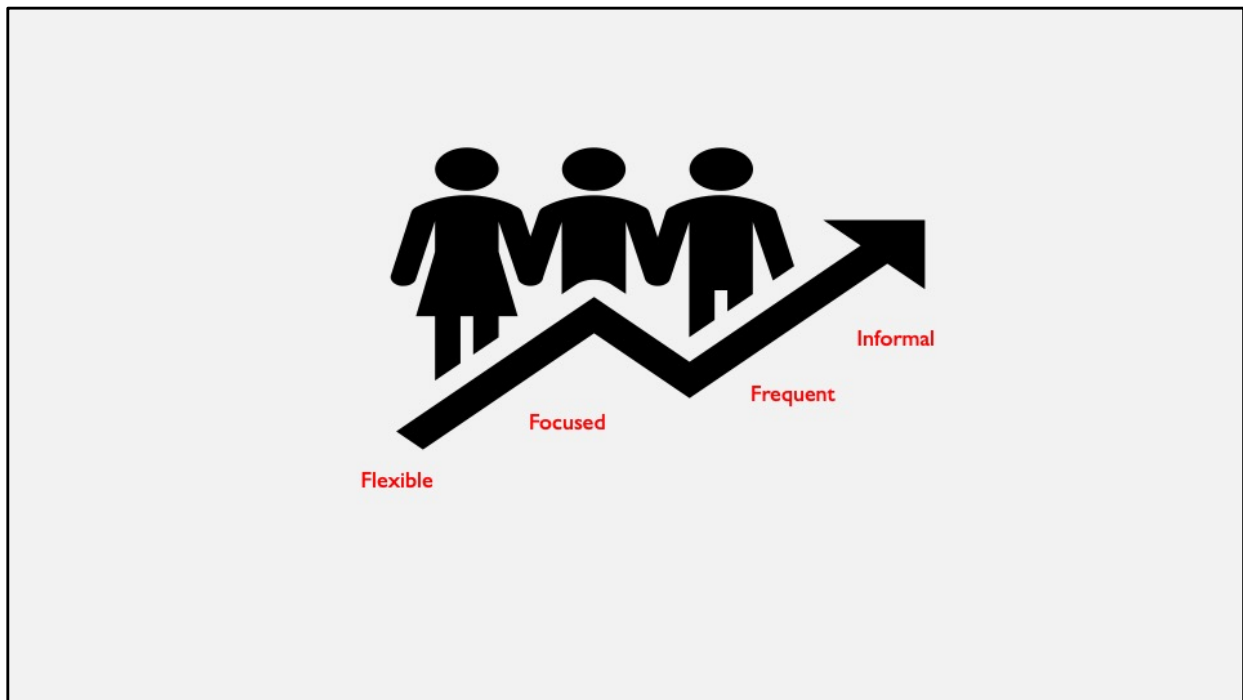
A review of effective performance management approaches by the CIPD shows that line managers are critical in assessing and recognising performance. Organisations must develop and support Line managers as they are influential in increasing employee engagement and also crucial in balancing the levels of work challenges which can motivate and engage employees. (CIPD, 2017)

(Taylor, 2016) tells us that feedback from managers, peers and subordinates is widely used in the USA and is becoming more widely used. 360 degree feedback is where between 8 and 10 people complete a questionnaire on an employee's performance. Managers may not understand the employee's contribution so by collating this feedback it helps both the line manager and the employee to form a performance picture. The feedback is anonymous which can help to keep positive working relationships. It must be honest and fair and not biased, and it can change an employees' perception of their performance. Research carried out by (Kansalan & Iyem, 2016) informs us that although 360 degree feedback is not easy to implement the positive outcomes are beneficial and it is an effective method for evaluating development.



Performance appraisals are not an area that HRM specialists spend time undertaking, but mainly advise on performance issues and write the performance policies. They do however provide line manager training and appraisal documentation or systems. (Taylor, 2016). The appraisal documentation provided varies depending on the type of appraisal system. Research carried out by (Beaumont, 1993) and (Fletcher, 2004) identifies that self appraisal should be a feature of any performance appraisal. Both the line manager and the employee should complete a self appraisal form and then compare the content. This allows the employees to inform the manager of their perception of their role, their strengths and weaknesses and allows for constructive discussion in the review meeting. The standard appraisal form would usually have sections that require rating of performance, identified areas where performance may be exceeded or need attention and a general summary which would usually be positive to motivate the employee.

HRM specialists can help the line managers by communicating the mission, vision, objectives and values of the organisation during the recruitment and induction process by creating the right cultural expectation (Marchington, et al 2012)



Line manager performance training is important and (Taylor, 2016) tells us that the training should include the following points to help the line managers develop their appraisal skills:

- ❖ Importance of objectivity and consistency and voiding passing judgement on employee's personality
- ❖ Be prepared for appraisals and justify with factual evidence
- ❖ Put employees at ease and allow them to talk, praising good aspects of performance more than poor
- ❖ Constructive approach to weaknesses and positive suggestions to improve, always ending appraisals on a positive

Organisations that operative effective and appropriate performance systems are more likely to achieve their objectives and maximise performance. To maintain this performance it is important to embed the culture of high performance into the organisational culture. (Baker, 2013) argues that the traditional approach to performance appraisal is outdated and by introducing his Five Conversations Framework which replaces the annual appraisal meeting with five separate conversations every six months - each conversation based on a different aspect of work. This is a more flexible, focused, frequent and informal approach should 'unleash rather than constrain employee potential'. (Holbeche, 2005)

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