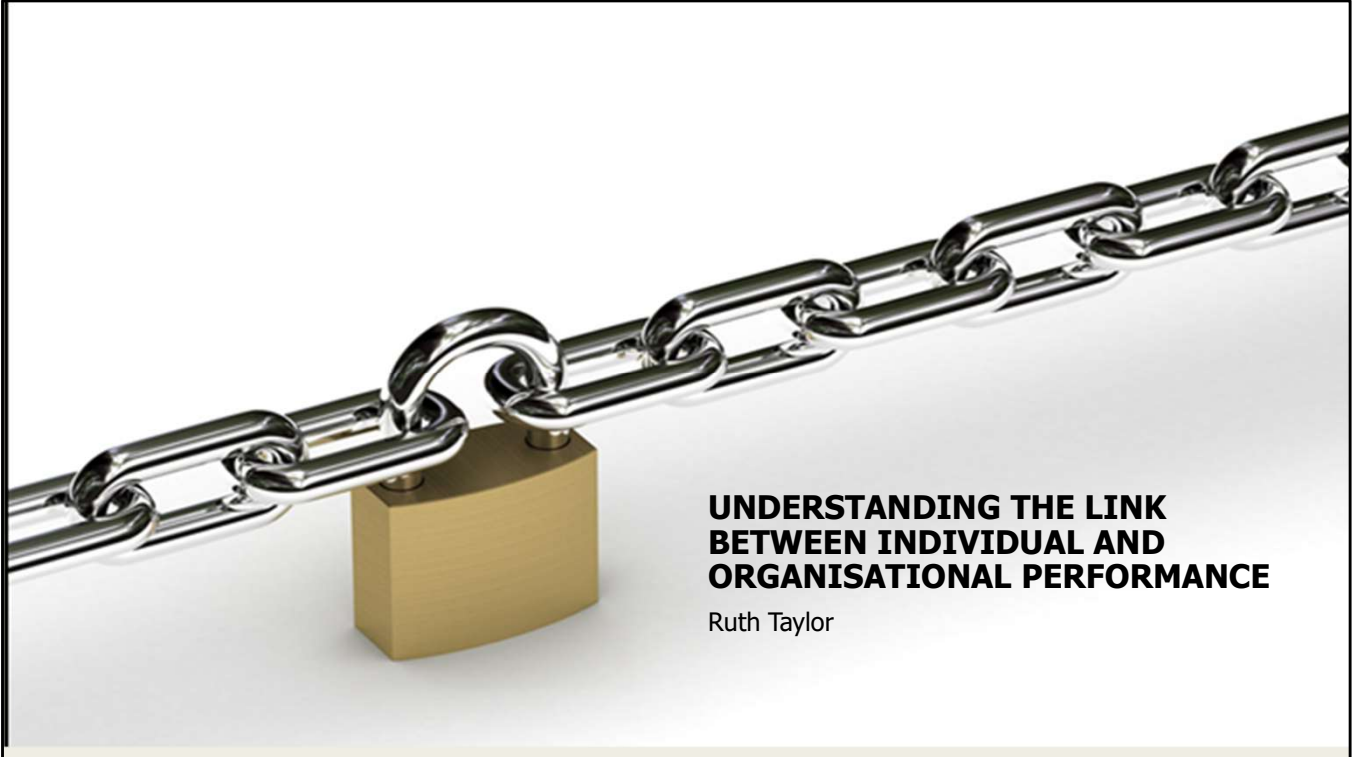




**UNDERSTANDING THE LINK
BETWEEN INDIVIDUAL AND
ORGANISATIONAL PERFORMANCE**

Ruth Taylor

Aims of Presentation

- Understand the concept of high-performance working and how it can benefit individuals and the organisation
- Understand the contribution of the performance management process to high levels of performance
- Understand the role of line managers in the performance management process

High Performance Working

- A combination of HR practices that when combined contribute to the attraction, retention, development and motivation of employees, in turn contributing to the overall performance of the organisation (Messersmith & Guthrie, 2010).
- 13 HR practices that can effectively contribute to high performance working (Taylor, 2016)

13 HR practices

1. Effective recruitment processes
2. Investment in learning and development
3. Competitive rates of pay
4. Promotion pathways
5. Team based approach to achieving objectives
6. Fair and transparent grievance procedures
7. Employee involvement in decision making process
8. Effective performance appraisals
9. Transparent sharing of information
10. Flexible working
11. Job security
12. Work life balance
13. Consistent approach to terms and conditions

High performance work systems (HPWS)

- Successful high performance working systems bring individual, team and organisational objectives into alignment

(CIPD, 2020)

- HR and line managers should collaborate to achieve effective HPWS
- Line managers know and understand their staff
- HR can provide training and support

Taylor (2016)



The development and support to line managers on performance management processes is a primary objective for HR management, the aim being to continually get the best out of the workforce. For this to be achieved, collaboration between HR and line managers is essential. Line managers (LMs) know and understand their staff and are best placed to know what will motivate them. HR are able to provide the necessary training and support to LMs so HPWS can be implemented effectively.

Role of the Line Manager in HPWS



The most significant workplace relationship is between the employee and their immediate line manager



Research shows that line managers have the greatest influence on employee motivation and performance

"70% of the variation between great workplace engagement and lousy workplace engagement can be explained just by the quality of the line manager. The greatest act of any manager is to find something that every employee is good at and have them do it every day" (Clifton, 2019)

It is important that line managers own the PM process and ACAS (2012) highlights why this is important. Research demonstrates that the line manager/employee relationship is the most significant relationship in the workplace, with strong communication and good working relationships having the greatest impact on employee performance.

Jim Clifton is the CEO and Chairman of Gallup, a global analytics and advice firm who support leaders in the workplace. The above quotes are from a recent interview he did following the publication of *It's the Manager*, which he co-authored with Gallup's Chief Workplace Scientist.

It is therefore essential that line managers invest time and energy into ensuring an effective PM process.

Herzberg's two factor theory

- Motivator factors = job satisfaction
- Hygiene factors = job dissatisfaction

- Job enrichment = increased organisational performance

Herzberg (1987)

Exhibit III Principles of vertical job loading	
Principle	Motivators involved
A Removing some controls while retaining accountability	Responsibility and personal achievement
B Increasing the accountability of individuals for own work	Responsibility and recognition
C Giving a person a complete natural unit of work (module, division, area, and so on)	Responsibility, achievement, and recognition
D Granting additional authority to employees in their activity; job freedom	Responsibility, achievement, and recognition
E Making periodic reports directly available to the workers themselves rather than to supervisors	Internal recognition
F Introducing new and more difficult tasks not previously handled	Growth and learning
G Assigning individuals specific or specialized tasks, enabling them to become experts	Responsibility, growth, and advancement

Taylor (2016) reports how recent research has identified a clear link between HPW and organisational performance. However, research is ongoing to try and understand the nature of the link.

Herzberg (1987) discussed how motivator factors are key to job satisfaction, whereby hygiene factors are the biggest contributor to job dissatisfaction. In summary, policies, procedures and T&Cs have a negative impact on job satisfaction, however the way they are implemented by LMs is the most significant contributory factor in job satisfaction.

Motivator factors – achievement and its recognition, responsibility, progression opportunities

Hygiene factors – policy and procedures and their implementation, supervision, interpersonal relationships, working conditions, salary, status security

Hertzberg provides research examples of how the introduction of motivator principles, referred to as vertical loading, can contribute to job enrichment, in turn having a positive impact on employee performance and ultimately organisational performance.

This report highlights how job enrichment is the most significant contributory factor to organisational performance.

AMO Framework



Ability
to perform well



Motivation
to perform well



Oppportunity
to perform well

Marin-Garcia & Martinez Tomas (2016) describe how the AMO framework is a well known theory that explains the link between HRM practices and performance. It suggests that employees perform at their best when they are given the ability, motivation and opportunities to perform well at work.

Ability

Access to learning & development to provide them with the skills required for the role

Motivation

A willingness to go the extra mile due to job satisfaction, values and expectations

Opportunities

Access to resources, time, working conditions and supportive leadership

Strategic Reward & Total Reward

Strategic Reward

- Long term approach
- Use policies and practices that support organisational and people objectives
- Raises employee aspirations

Total Reward

- Encompasses all valued aspects of work
- Line managers **MUST** be committed to a total reward approach



Strategic reward is a framework of reward policies and practices that are used to motivate staff to achieve their objectives, in turn having a positive impact on achieving the overall objectives of the organisation (Author Unknown, Unknown). It is a long term approach, making use of policies and practices that raise employee aspirations and support both organisational and individual objectives (CIPD, 2020b).

Total reward recognises that pay is not the only motivator and reaches much further, encompassing 5 elements:

- Pay
- Wellbeing
- Benefits
- Recognition
- Development

When designed strategically and delivered in line with business objectives, total reward can enhance the motivation and productiveness of the workforce, in turn driving up organisational performance (WorldatWork, 2020).

Providing a total reward package to employees by ensuring effective selection, retention and engagement will support the organisation to achieve its objectives (CIPD 2020a).

Line manager behaviour has to be integrated into the total reward approach as research does reveal this is a concern for employees (CIPD, 2020a).

Differing opinions

Inability to predict financial benefits of HR interventions on organisational performance

Less focus on the contribution individuals have on forming organisational performance

More emphasis on HR practices being an enabler of business performance, rather than the cause

Fleetwood & Hesketh (2010) dispute the link between HR policies and procedures and organisational outcomes, believing that the contribution individuals play is the key to positive business performance. They report how previous research is flawed due to:

- The inability to predict the financial benefits of HR practices and their impact on organisational performance
- Studies do not focus on the impact individual employees have on organisational performance
- Previous studies demonstrate that HR practices are the cause of business performance, however more emphasis should be put on HR practices being an enabler of business performance rather than the cause.

HEIW Values & Behaviours



JOB DESCRIPTION	
JOB DETAILS:	
Job Title	Workforce Data Scientist
Pay Band	7
Hours of Work and Nature of Contract	To be completed on recruitment
Division/Directorate	Workforce and OD
Department	Workforce Analytical Team
Base	To be completed on recruitment
ORGANISATIONAL ARRANGEMENTS:	
Managerially Accountable to:	Head of Workforce Data and Analytics
Reports to: Name Line Manager	Workforce Analytics Service Delivery Manager
Professionally Responsible to:	Workforce Analytics Service Delivery Manager
HEALTH EDUCATION & IMPROVEMENT WALES VALUES	
RESPECT FOR ALL - In every contact we have with others	
TOGETHER AS A TEAM – we will work with colleagues, across NHS Wales and with partner organisations	
IDEAS THAT IMPROVE – harnessing creativity and continuously innovating, evaluating and improving	



GIG
CYMRU
NHS
WALES

Addysg a Gwella Iechyd
Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

Trawsnewid y gweithlu ar gyfer Cymru iachach
Transforming the workplace for a healthier Wales

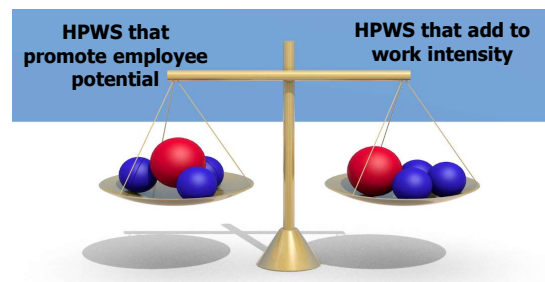
HEIW's performance framework supports Fleetwood & Hesketh's (2010) theory in that the contribution an individual brings to an organisation is the key to its success. This is reflected in the HEIW (2018) values and behaviours and how these are incorporated into their recruitment processes and clearly documented in all job adverts and assessed at interview. HEIW prides itself on these values and they are instilled into all policies. This ensures the organisation recruits the right type of person with the necessary values with a belief that skills and knowledge, whilst still vitally important, the right type of person for the organisation is key. As a Government funded body, until recently, no financial incentive was offered to NHS staff for performing well. However, this has recently changed with salary incrementations only being approved should the staff member have achieved their annual personal objectives to the organisations standards (NHS Wales, 2019). This however is only effective for those staff who are not at the top of their salary scale. Once at the top of the salary scale, no financial incentive is available unless looking for promotion to a higher paid role, whereby the increment process would begin and the incentive reactivated.

Link between HPWS & Employee Wellbeing

- Employees who are happy and healthy are more likely to work to their full potential, ensuring a sustained level of commitment and high performance.

(Donaldson-Fielder & Lewis (2016))

High Performance Model



The current climate requires the necessity for organisations and its employees to work harder than ever and remain at the top of their game to ensure business objectives are met. This working environment can lead to more risk to employee health and wellbeing, due to the demands on individuals and the expectation to always be performing at their best (Donaldson-Fielder & Lewis, 2016). Evidence supports that those employees who have strong relationships with their line managers, where two way engagement is at the forefront, with opportunities to influence the way they work, are more likely to maintain a good level of health and wellbeing, in turn performing at a high level compared to those where clear expectations and communication is lacking.

Research by Boxall & Macky (2014) demonstrates the need for a balance between HPWS that promote employee potential and those that add to work intensity.

Key elements to high involvement model

- Employees can contribute to the decision making process in relation to their work
- Employees have discretion and autonomy for their decisions and actions
- These elements can identify unrecognised employee potential, maximising their skills and learning opportunities.

Research by Boxall & Macky (2014) involved surveying 1016 individuals and questioning them on their perception of the impact of HPWS on their work. Employee perception

was recorded rather than management reports as these can demonstrate more favourable outcomes than employee voice.

Results from the survey leaned towards improved employee wellbeing for those given greater autonomy, improved communication with their line manager, clear links between performance and reward and greater exposure to L&D opportunities. In contrast, HPWS adding to work intensity were seen to have a negative impact on employee wellbeing.

This demonstrates that allowing employees an element of freedom with regard how they approach their work, a good relationship with line managers which allows opportunities for development, produce improved employee wellbeing, in turn having a positive outcome on how they perform and contribute to business success.



PERFORMANCE MANAGEMENT CYCLE

- What are we trying to achieve?
- How will we know that we have made a positive impact?
- Do we need to do things differently?

Deming's PDSA cycle is discussed by Moen (2009). It outlines 4 essential elements to managing performance and improvement.

Plan – identify objectives and agree how they will be approached

Do – put the plan into practice and document positives and negatives of approach

Study – Look at outcomes and compare to predictions and review learning outcomes

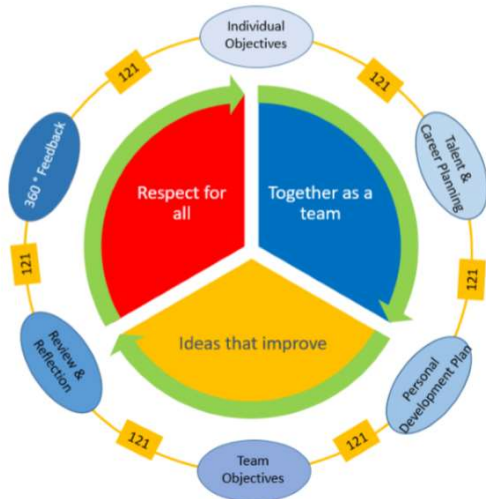
Act – Make necessary changes if required, or continue if processes are working well

Important to continuously repeat the cycle.

Langley, Nolan & Nolan (1994) added to Demings cycle by adding 3 supplementary questions.

What are we trying to do, how are we going to know we are doing it well, should we change the approach?

HEIW Values Based Performance Appraisal



HEIW (2019b)

Plan ahead & Embrace Change

Educate & train staff

Offer opportunities

Partnership working

Lead the way

Exciting, enthused, engaged, enabling, empowering individuals



Addysg a Gwellia Iechyd
Cymru (AaGIC)
Health Education and
Improvement Wales (HEIW)

Trawsnewid y gweithlu ar gyfer Cymru iachach
Transforming the workplace for a healthier Wales

HEIW's performance appraisal process is a cross organisation approach whereby organisational objectives are linked through to teams and individual objectives to ensure all staff understand what part they play in achieving the organisations objectives and ultimately contribute to business success. It is also an opportunity to recognise L&D opportunities that will not only help the individual to be the best they can be in their role, but also allow them to pursue their aspirations and progress in or outside the organisation (HEIW, 2019).

The process is made up of both formal and informal stages between the employee and their line manager:

Formal

- Objective setting – agree objectives for following year which are set against the organisations objectives
- Talent conversations – allow individuals to discuss their future aspirations and potential opportunities for development. Opportunity to identify successors to critical posts
- Mid year review – assess progress against set objectives
- Annual review - review outcome of objectives and assess against values and behaviours and set next years objectives.
- Process ensures individuals are developed to enhance and ensure job satisfaction and

also support organisational outcomes.

Informal

1:1 discussions –at least monthly to informally monitor progress and discuss challenges and opportunities.

Day to day communication - Taylor (2016) describes this as continually seeking to engage and motivate staff on a day to day basis.

The process incorporates the PEOPLE principles (HEIW, 2019b)

Problems with the appraisal process



Ratings systems



Lack of 2 way communication



Lack of preparation



Lack of dedicated time

Taylor (2016) discusses how there are potential flaws in the appraisal process, which have been highlighted in work by Rowe (1986). These tend to focus around the use of a ratings system and the tendency to inaccurately record performance metrics due to multiple factors including:

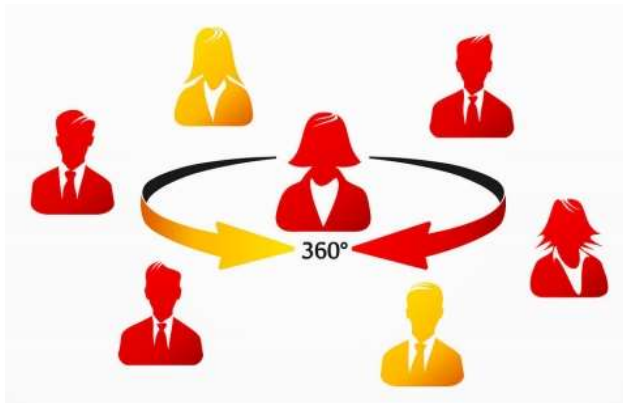
- Avoiding low rating due to fear of causing upset
- Giving a high/low rating based on an individual aspect of performance
- Use recent events to measure overall performance
- Comparing their employee to themselves and the level they were at when in their position.

Other problems include those highlighted by Beer (1985), which relate to appraisal interviews which focus on the manager doing all the talking, being unprepared and not allowing dedicated time to carry out an effective appraisal discussion. All of these can cause disengagement with the employee and make them feel that they are not part of the process.

These potential problems are alleviated within the HEIW process as a ratings system is not used and the process focuses around two way communication in a supportive and open environment, where poor performance is tackled at first sight rather than held until annual form discussions. Managers and employees are given dedicated, protected

time away from interruptions to complete their appraisal reviews.

360 DEGREE FEEDBACK



Opportunity to gain feedback from a number of individuals

- Peers
- Line managers
- Senior managers
- Customers
- Stakeholders
- Direct reports

Provides an objective, fair assessment of an individual, encompassing skills, performance and working relationships

- Allows individuals to compare how they see themselves against how they are seen by others
- Opportunity to compare perceptions from different staff groups
- Confidentiality. There must be clear, robust processes around GDPR and who has access to the information and to what degree. This must be clear to both the appraisee and the respondents
- Employees must have a say in the identification of respondents
- Support must be provided to employees to act on feedback received

HRM (2020) notes some disadvantages of 360s to both line managers and HR

- They can be difficult to organise and administrate (HR)
- If feedback is not handled sensitively and confidentially it can cause difficulties for working relationships (LM)

HEIW have a 360 degree feedback process which is mandatory for all senior managers, however all staff are welcome to utilise the process. The process is outsourced to ensure complete confidentiality, with only the necessary information made available to the HR Dept, line manager and employee. Respondents must be identified in all areas and are encouraged to “embrace the intention of this feedback process; which is to be open, honest and constructive” (HEIW, 2019a)

Taylor (2016) states the importance of including an element of employee self appraisal in this process.

Output Based Assessments

- Use quantifiable information
- Are useful for measuring performance where activity is repetitive or continuous – i.e. sales, manufacturing and administration

Taylor (2016)

GENERAL RECRUITMENT PROCESS KEY PERFORMANCE INDICATORS, TARGETS AND RESPONSIBILITIES (in working days)				
Step	Agreed KPI	TARGET & RESPONSIBILITY		Total Time
		NWSSP	HB/Trust/Manager	
Step 1	Time from resignation to submitting vacancy for approval on Trac		5 days	5 days
Step 2	Time to approve/authorise a vacancy		10 days	
Step 3	Time to place adverts live Quality check and place adverts. Internal on Trac only, external onto NHS Jobs and Trac.	2 days		
Step 4	Time to send applications to a manager after the post closes	2 days		
Step 5	Time to shortlist by manager Score against the person specification in the Trac system. Manager completes interview gateway on Trac and Recruitment will set interviews up on the system and invite candidates to interview	3 days		Maximum of 44 days
Step 6	Time to invite candidates to interview	2 days		
Step 7	Time to notify Recruitment of interview outcome Manager to enter interview outcome onto Trac	3 days		
Step 8	Time to send conditional offer letter Recruitment will check original WTE approval so ensure additional approval is already received if required. References will be requested. Offer form is sent to candidates to complete and return to OH.	4 days		
Step 9	Completion of pre-employment checks (PECs) Appointees to attend a face-to-face meeting to produce ID, Right to Work, Quals/Reqs where applicable, complete DBS check. Internal appointees may have complete records on file, if so, they will only need to complete new OH form. References will be obtained as appropriate. If different quality DBS level are required then may need to attend a face-to-face meeting	25 days		Maximum of 27 days
Step 10	Time to send unconditional offer letter	2 days		
	Total Time (excluding notice period)			Maximum 76 days
Step 11	Time to notify Recruitment of Start Date		3 days	
Step 12	Time for Recruitment to issue contract	Issued on Start Date		

NWSSP (2020)

NHS Wales has strict KPIs relating to the recruitment process. These are shared between the organisation and the All Wales Shared Services Partnership.

Within HEIW, the organisation KPIs are the responsibility of the recruiting manager, but are overseen by the People Team. They are able to report where KPIs are not met, which is then picked up in appraisals and acted on as necessary. This may highlight the need for more training or that the process should be managed by another member of staff who has the capacity to ensure the KPIs are met.

Role of Line Managers in Performance Management



Employee – line manager relationship is crucial and impacts on the motivation of employees to perform well



Line managers should keep a close eye on performance to ensure an understanding of the team's output and react appropriately if things begin to go wrong



Frequent 2 way communication is key



Expectations should be made clear at the start



Promote a positive working culture and environment

Robinson & Hayday (2009) carried out research to identify how engaging managers perform. This identified a number of good practices that successful managers felt contributed to their performance as a line manager.

This research also identified behaviours to avoid:

- Assume that employees know and understand what is expected of them
- Wait until annual review before sharing feedback (positive or negative)
- Poor performance/ behaviour will improve by itself without intervention
- Be unprepared for difficult situations and fail to listen to individuals before taking action

HRM & Line Managers – working together



Line managers should own the performance management process of their staff



HR design the performance management documentation



HR provide training on the completion of effective appraisals

Taylor (2016)

Taylor (2016) explains how a clear performance management framework is key to ensuring employees are able to monitor their own performance and managers have a consistent approach to measuring it. HR are able to design appropriate documentation to reflect what information needs to be collected and how it will be collected. In HEIW, the documentation used allows for self assessment as well as manager contribution. It encourages the appraisee to reflect on what has worked well and not so well and how the values and behaviours of the organisation are reflected in their day to day activities. It also identifies learning and development opportunities.

In HEIW the People Team provide appraisal training as a mandatory requirement to all line managers. This ensures a clear understanding of the process and ensures consistency across the organisation. The training is also available to non line managers so they can also understand the process and what is required of them.

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