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Signed: 

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Understanding the Link between Individual and Organisational Performance

What is high performance working???

High performance work systems

Merging groups of processes into 'bundles'



Collective Approach

Understanding the Link between Individual and Organisational Performance

Understand the concept of high-performance working (HPW) and how it can benefit individuals and the organisation.

A definition and description of HPW

According to the (CIPD, 2018), High Performance Working (HPW) is a concept which describes how HRM practices determine outcomes by merging different groups of processes into 'bundles' having a positive impact on organisational performance.

To achieve high performance working, organisations are encouraged to devise a set of 'high performance work systems' comprising of distinct HR policies and procedures which promote employee commitment and engagement. The achievement of HPW needs to be a collective approach between both the Organisation and its workforce, (Woodhams, 2016).



What is included within the 'bundle'?

High performance work systems (HPWS)

- Rigorous Recruitment and Selection practices
- Encouraging 'employee voice'
- Effective performance appraisal
- Flexible working
- Internal promotion
- Harmonisation of terms and conditions



Whilst there is no definitive make-up of the 'bundle', according to (Boselie et al 2005, Datta et al 2005; Marchington and Wilkinson 2012) as cited in (Woodhams, 2016) the following are generally included:

Rigorous and sophisticated recruitment and selection practices, encouraging a diverse range of applicants with competence based interview techniques, making a decision based on a candidate who would perform well and best fit into the organisation. An example of which is Google whereby the hiring process forms part of the culture evidencing the importance of appointing the best person for the role and the organisation and also encouraging the whole workforce to have access to the same information and resources (Google, 2020).

Encouraging 'employee voice', allowing the workforce to participate in the decision making processes, helping to determine policy and procedure, improving commitment and engagement as the more autonomy employees have, the more committed they will be. According to (Sir Brendan Barber, Acas Chair) as cited in (ACAS, 2016), '*Employee voice is a key component in the productivity puzzle*'. He emphasized the value of employee voice having a positive impact on performance and productivity.

Effective performance appraisal, ensuring employees understand their personal objectives and how they link into the teams and organisational objectives.

Investment in training and development
Performance-based pay
Internal promotion
Team-based approaches
Grievance systems
Information sharing
Performance appraisal
Flexible working
Job security
Work-life balance
Harmonisation of terms and conditions

Having such work systems in place promote an organisation as having a best practice approach and being 'employer of choice' resulting in improved staff engagement, commitment and flexibility, (CIPD, 2018).

Link between HPW and positive organisational performance

According to (Huselid, 1995) as cited in (Woodhams, 2016):

Proof that HR adds value

A 1 standard deviation increase in HR practices yields:

- a 7.05% decrease in staff turnover
- \$27,044 in increased sales per employee
- \$18,641 more in market value per employee
- \$3,814 more in profit per employee.



According to (Coombs et al, 2006) as cited in (Woodhams, 2016):

Meta-analysis – 92 separate studies combined

- 4.6% increase on return on assets
- 4.4% reduction in staff turnover

Link between HPW and positive organisational performance

The question Organisations want to understand is whether there is a link between HPW and positive organisational performance. Research over recent years has been very encouraging however some may not be fully convinced.

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Thus demonstrating that organisations who incorporate HR practices within their culture, have lower staff turnover rates with higher market value and profits. It also evidences the value HRM adds to an organisation.

According to (Coombs et al, 2006) as cited in (Woodhams, 2016):

Meta-analysis – 92 separate studies combined

4.6% increase on return on assets

4.4% reduction in staff turnover

This research concluded that HPWS result in increased profits and reduced staff turnover.

Why does HPWS have such positive outcomes for an organisation?

- Employer of Choice – Environment where people chose to work
 - Influence at a strategic level, integrated into management processes
 - Shared purpose between managers and employees
 - Managers 'buy in'



Whilst there is evidence to determine this link, there is still a question as to why the adoption of the 'bundle' has such positive outcomes for an organisation. The study referred to as the 'black box' carried out by (Purcell *et al.* 2003), suggests that organisations looking to enhance the contribution that HR can make must develop a 'bundle' of policies and procedures that meet the needs of the workforce whilst creating an environment where people chose to work.

The contribution of the HR function must be valued at a strategic level and fully integrated into the management process. The following findings were made: Having such processes in place has a positive response from employees in relation to job satisfaction, motivation and commitment resulting in them working beyond their contract of employment.

The 'Big Idea', whereby an organisations mission and values are embedded into policies with shared purpose between managers and employees.

Line managers who 'being HRM to life'

Line Managers interact with employees on a day to day basis and as such play an integral role in implementing HR practices. Managers who do not 'buy in' to policies and practices may have a detrimental effect on the organisation.

Link between HPW and employee well-being



What is the link??

Wellbeing

Well-being of employees is embedded into an organisation's engagement strategy, creating the right environment to success whereby employees are motivated and productive, (hrmagazine, 2014)

Link between HPW and employee well-being

Whilst employers acknowledge that an engaged workforce is likely to increase productivity, there is less acknowledgement regarding the link between HPW and employee well-being. The well-being of employees should be embedded into an organisation's engagement strategy, creating the right environment to succeed, whereby employees are motivated and productive, (hrmagazine, 2014).

The Gallup study referred to in (Woodhams, 2016) shows clear connections between employees well-being and engagement with profitability, productivity and employee turnover rates. Having a 'best practice bundle' promoting flexible working, trusting work environment and well-being initiatives in turn leads to improved work performance.

There is a suggestion that organisations who have a 'best practice bundle' promotes the well-being of employees which has a significant effect on improved performance. HPWS in place to engage and motivate employees within their roles, in turn helps to improve business performance, (Woodhams, 2016).

Performance Management

What is Performance Management

Process of continuous communication and feedback between a manager and employee towards the achievement of organisational objectives.



Define the main stages of the Performance Management Cycle and key performance activities

According to (CIPD, 2019) Performance Management describes activities that:
Establish individual objectives linked to the organisation's mission and strategy
Improve performance throughout the workforce and organisation as a whole
Hold employee's accountable for their performance linking it to reward, career progression and termination of employment.

As defined by (Toolbox hr, 2020), performance managed is the process of continuous communication and feedback between a manager and employee towards the achievement of organisational objectives.

Performance Management Cont'd

Five steps of effective performance management cycle.....



Performance Management

Planning – Setting employee goals in line with the Job Description. This will also provide an opportunity to review the Job Description ensuring it is up to date and accurately reflects the roles and responsibilities.

Monitoring – at this stage, managers are required to monitor the employee's performance on the goals that have been set.

Developing – analyse the data as a result of monitoring and suggest any support, training requirements to improve their knowledge and performance within the role.

Rating – performance should be rated periodically and then during an appraisal. These are essential to identify the state of the employee's performance and implement any necessary changes.

Rewarding – This is an essential stage of the process. A simple thank you or formal reward program that ensures employees are recognised and rewarded for excellent performance.

What was once seen as an annual 'tick box' exercise, the emphasis has moved to a continuous performance management. This enables two-way communication whereby both managers and employees can provide feedback in relation to their

areas of work.

Performance Management Cont'd

What are the benefits of effective performance management to employees?

Identifying training needs

Increases employee retention

Boosts morale

Delivers greater employee autonomy



Assists with identifying the right employees for promotion

Effective performance management can deliver a number of benefits to employees including the following:

Identifying training needs – Having an open and honest discussion regarding the employee's roles and responsibilities and identifying areas of improvement before affecting their performance. Performance management and regular engagement can help identify any weaknesses or future training requirements.

Boosts morale – Positive feedback reassures employees that they are doing a good job. Employees are more committed if their efforts are recognised via regular feedback and reviews.

Assists with identifying the right employees for promotion – regular reviews enable managers to undertake succession planning, identifying employee's suitability for promotion. The performance review process will be conducted with all employees and as such, managers can evaluate the team to ensure transparency and fairness in any promotion selection process.

Increases employee retention – Employees have the opportunity for regular communication with their manager building an open and honest working relationship. This regular contact also enables an employee to raise any concerns, with the aim to find a solution. It will also provide recognition and encourage learning and development opportunities, which in turn will hopefully retain

employees.

Delivers greater employee autonomy – Awareness of the employees contribution to business objectives , allowing them to make choices regarding their roles and responsibilities result in happier, more committed, more productive and loyal employees. Having regular feedback creates a trusting culture, which benefits the organisation in the long term.

Continuous performance management has a positive impact on employees as they feel valued by their managers and as such become more engaging when receiving constructive feedback. Employees who clearly understand their expectations and have input in setting individual and team goals have a personal interest in achieving their targets and as such are more likely to improve and develop their capabilities.

What is your role as line managers in performance management?

Engagement in implementing HR Policies and Procedures

Trusting relationship with employees

Building a culture of individual/team accountability

Essential when undertaking performance management practices, undertaking regular reviews, setting goals, monitoring progress, providing feedback and assessing performance!



An evaluation of the role of line managers in performance management processes.

(CIPD, 2019) specifies the requirement of line management engagement in implementing HR policies and procedures is essential to meeting business objectives. If there is a positive, trusting relationship between line managers and employees, there is more likely to be high level of performance as employees feel valued, have high levels of job satisfaction and as such are committed to their role.

Line managers have a responsibility of building a culture whereby individuals and teams are encouraged to be accountable for developing their own skills, performance and behaviour.

The role of line managers is essential when undertaking performance management practices, undertaking regular reviews, setting goals, monitoring progress, providing feedback and assessing performance.

Performance Management Systems

Behavioural Assessment

Out-put based Assessment

SMART Objectives

What do you need to consider??

(Woodhams, 2016) refers to a variety of performance management systems as below:

Behavioural Assessment – performance judged on an employee's general conduct during a specified period. Judgement may be made on observations while others may be made on formal output measures. This process will require a standard form requiring the manager to comment, or score different aspects of performance. Whilst this process can be straight forward for a manager as there are specific elements to complete, it could also provide less flexibility as it is not specific to an individual or role.

Out-put based assessment – this approach could be used for transactional roles whereby employees repeat the same task allowing clear measures to be obtained in relation to their effectiveness within the role. Another approach would be to set agreeable goals at the start of the process with a view to review after a period of time to determine whether the goals have been achieved. As detailed by (CIPD, 2019), objectives should be agreed which satisfy both the operational needs and individual goals for each employee.

SMART objectives – A report produced by the (CIPD, 2019) suggests that specific goals in relation to basic tasks may increase performance however, this may not be the case in more complex roles. It is important to consider objectives relevant to the

role, team and organisation. It was evidenced within the report that whilst employees need to agree to the targets, they are more influential when set by line managers.

As suggested by (Beer, 1985) as cited in (Woodhams, 2016) many problems can occur throughout the performance management process. To ensure an effective process, managers should prepare for the discussions, allow sufficient time for a meaningful, two-way communication, encouraging employees to raise any concerns, having the confidence with potential difficult conversations.

As a result, according to (CIPD, 2019) any model of goal setting and performance appraisal should consider the following:

Outcome focused objectives, concentrating on an individual's capabilities, behaviour or learning.

Performance ratings, used for any promotional opportunities or any decision in relation to pay.

A number of factors could influence ratings however, there are things that can be done to reduce them.

A vital factor for managers to consider is how an employee will perceive the feedback they are providing and as such, they need to adapt their approach according to the individual.

Working Together

Provide managers with the necessary skills to undertake effective performance management

Clear, transparent process
encouraging a consistent approach



Collect and analyse valuable data

How HR and line managers can work together in performance management processes

To alleviate any issues or concerns line managers may have when conducting performance management; HR can provide effective support and training with regular evaluation of how the process is working in practice, (Woodhams, 2016).

The role of HR is to provide management with the necessary skills and training when providing performance feedback. Whilst training can be provided in relation to the relevant stages of the performance management process, it is far more difficult for HR to provide managers with the necessary 'soft skills' to enable them to undertake effective performance management, (HRM Handbook, 2020).

HR have the responsibility of implementing a clear, transparent process encouraging a consistent approach throughout the organisation. To ensure strategic 'buy in' HR need to ensure valuable data is collected and analysed to enable managers to make informed decisions and reassure employees that the process is fair and any decisions are based on true and accurate data.

How can HR help?

- Strategy
- Evidence added value to the organisation, managers and employees
- Corporate Induction Programme
- Documentation
- Training and Development Opportunities
- Co-ordinator role



Whilst the responsibility of performance management lies with the line manager, HR have a role to play in providing the relevant support to ensure the process is conducted effectively and benefits the employee and organisation.

Align employee development with organisations talent management strategy, encouraging employees to manage their own career development whilst being more effective in their roles. HR need to evidence the added value of the benefits development brings to all parties concerned, (SHRM, 2020)

Induction is a crucial stage of an employment cycles and as such, introducing performance management during induction could be a vital source of information at a late stage. Providing information regarding the culture and values of an organisation i.e. mission statement, employer brand, values, (CIPD, 2019). Providing appropriate documentation to support both the employer and employee. Any discussions taken place during performance management should be recorded to evidence support or training identified and document any issues raised in an appropriate manner, (SHRM, 2020). Providing policies/training/opportunities for recognition and reward
Providing advice in relation to performance issues. Make a determination as to

whether the lack of performance is a deliberate act or are there capability issues. Provide training needs analysis for the team, which will enable to the manager to consider succession planning and identify and employees who may have the potential for promotional opportunities.

Provide training and development opportunities including CPD opportunities, signposting to both internal and external training programmes. Advise the manager in relation to the training requirements in line with the job description,

Acting as co-ordinator of the process, being available to provide advice and support in line with HR policies and practices. Complete an evaluation to ensure a fair and transparent process is being undertaken.

Conclusion

Culture



Improve Performance

Best practice bundle



Meet objectives



BUILDING A HIGH PERFORMANCE CULTURE

We can conclude that when organisations implement effective performance management systems, which are embedded into the culture and recognised within a 'best practice bundle', they are more likely to improve performance and meet organisation objectives.

Whilst HR can provide the relevant documentation, training and support it is the crucial role of Line managers who are required to build a trusting culture within their team which enables open, honest dialogue.

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