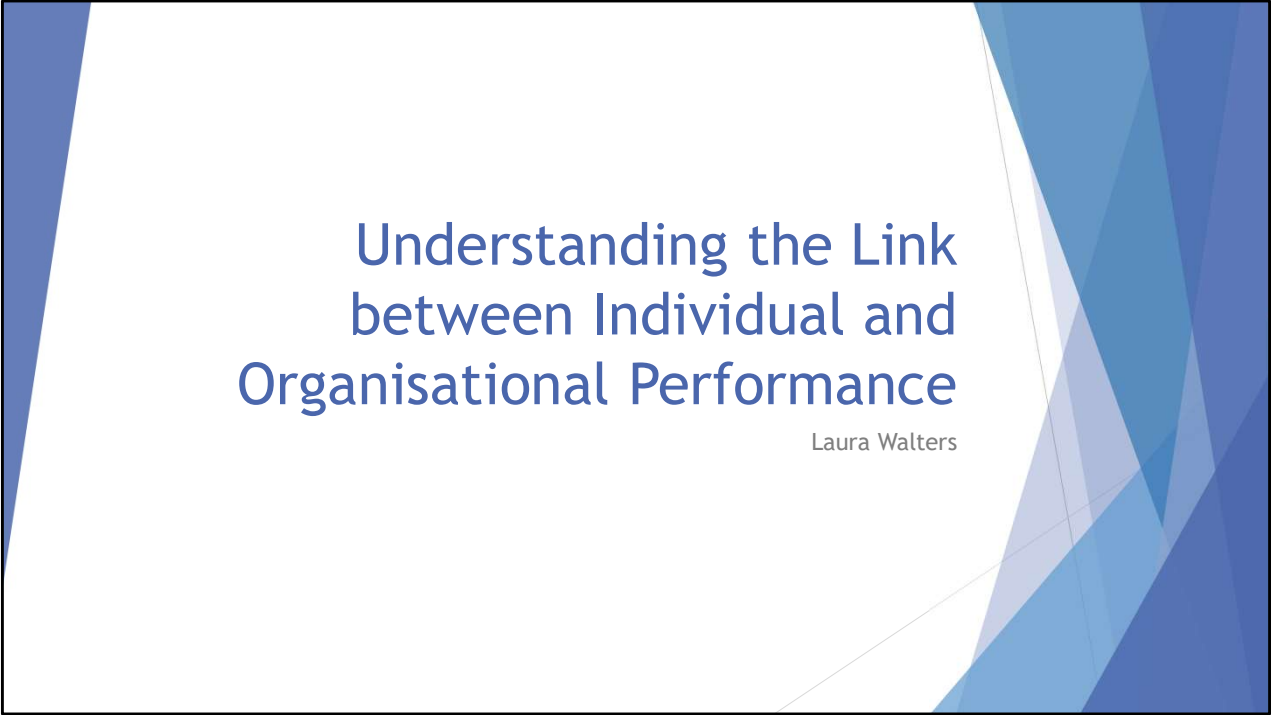


The slide features a white central area with a blue geometric pattern on the right side, composed of various shades of blue triangles and polygons.

Understanding the Link between Individual and Organisational Performance

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By signing below, I confirm that the work/evidence presented is my own, unaided work. I understand the regulations pertaining to candidate malpractice and the action that may be taken as a result.

Signed: L.Walters

Date: 03/09/2021

AIMS:

- ▶ Gain a knowledge of High Performance Working (HPW)
- ▶ Understand the link between HPW and its benefits to individuals and the organisation
- ▶ Understand how performance management systems are successful
- ▶ Understand how you, as line managers, can contribute to performance management.

WHAT IS HPW?

- ▶ A bundle of systems aimed at **maximising and sustaining human capital and performance.**
- ▶ Employees need to be committed to their role and contribution
- ▶ Commonly agreed elements of the bundle include (Taylor, 2016, p.199):
 - Recruitment processes
 - Learning and development
 - Pay
 - Internal promotion
 - Team rewards
 - Effective grievance processes
 - Communication and staff voice
 - Appraisals and feedback systems
 - Flexible working options
 - Job security
 - Work-life balance
 - Respect and fairness

Stephen Taylor summarises High Performance Working (HPW) as a bundle of processes which, when utilized effectively, boost the overall performance of an organisation. This is based off the research of Frederick W. Taylor, who is seen by many as being a pioneer in this area of HR. The aim is for organisations to not only maximise their potential, but use the workforce to actually increase their potential (Taylor, 2016, p.198-9), this must be sustainable performance in order to maintain those high standards (Schrage, 2019, p.15). The list on the screen summarises the practices that Taylor argued, were essential in boosting a positive attitude

among employees; with employees demonstrating commitment and pride in their work. These are known as High Performance Work Systems (HPWS), whereby employees go above and beyond what their contracts require them to do (Taylor, 2016, p.199).

HPW AND THE ORGANISATION

- ▶ John Purcell's research 2003, employees need AMO to achieve HPW:

ABILITY
MOTIVATION
OPPORTUNITY

- ▶ Findings:
 - Bundle = successful
 - Clear goals = better performance
 - Line managers are key!
- ▶ Critiques:
 - The bundle is not delivered the same in every organisation
 - It comes down to the employee, not the policy
 - How reliable are the financial calculations?
- ▶ Competitive Advantage
- ▶ Sustainable Performance

As mentioned previously, it is widely considered that the HR 'bundle' contributes to HPW. As HR moves towards a statistical approach, the fear lies in that this will deter practitioners in trying to understand the success of the bundle in a qualitative approach (Marchington et al, 2016, p.56).

A study conducted by Jeffery Pfeffer in 1994 and 1998, looked at how HPW improved the overall performance of an organisation. He suggested that the "bundle" as listed in the previous slide, did have merit, and did contribute to improved organisational performance

(Taylor, 2016, p.200).

Mark Huselid in 1995, took the research one step further and sought to prove that HPW could demonstrate that HR in fact, do add value to an organisation. This was presented in monetary terms (Taylor, 2016, p.200). There have since been numerous research projects, similar to that of Huselid which have also been able to show how HR practices can financially improve an organisation (Taylor, 2016, p.201).

John Purcell sought to build off this research, questioning why this link exists (Taylor, 2016, p.201). His findings can be summarised as follows:

- The HR bundle was well received by employees
- Those organisations with clear missions and goals, motivated their workforce better and optimised performance
- Line managers are the linchpin in bringing these HR practices and policies “to life” (Taylor, 2016, pp.201-2).

These sorts of research studies also created the AMO model. It is argued that without these, HPW could not take place (Taylor, 2016, p.202):

- Ability
- Motivation
- Opportunity

These studies are not without critique. The main being the financial calculations behind the justification of HPW (Taylor, 2016, p.203). Taylor also notes that HPW and performance are linked, but it is hard to distinguish which is having the effect on the other (2016, p.204). Crucially, Hesketh and Fleetwood also emphasise that it is the employees who determine the organisational performance, not the policies (Taylor, 2016, p.204). Furthermore, the implementation of such practices do not automatically mean they are delivered the same to each team, which means the effect they have on the workforce may vary from department to department (Boxall and Macky, 2014, p.964).

HPW AND EMPLOYEE WELL-BEING

INVOLVEMENT = POSITIVE PERFORMANCE AND SATISFACTION

INTENSITY = FATIGUE AND STRESS

Line managers must ensure an individual is valued, challenged and heard.

To maintain employee well-being:

- ▶ Involvement
- ▶ Job security
- ▶ Work-life balance
- ▶ Sense of “empowerment”
- ▶ Equality and diversity

Boxall and Macky carried out a national research project in New Zealand whereby they looked at, “how high-involvement work processes affect employee well-being”. The results of this research showed that those employees who were involved in change and decision making, performed better, with more commitment and pride in their work because of this increased responsibility. In contrast to this, those who worked under intense pressure were more likely to suffer from stress and fatigue (2014, p.963).

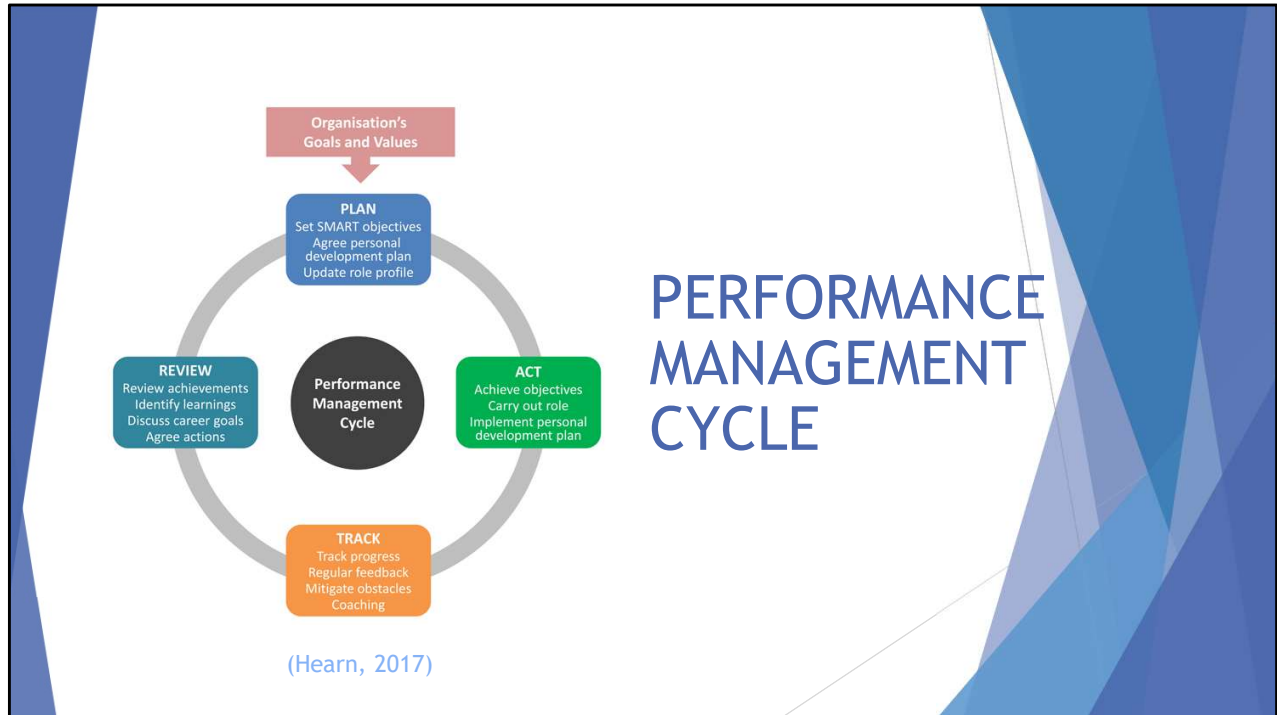
If HPWS make changes for the better, where equality,

diversity and fairness is encouraged, this is likely to contribute to a happier and better performing workforce. It is suggested that by including employees in these conversations and debates, they gain a form of “empowerment”, which both boosts their well-being, and organisational performance. (Boxall and Macky, 2014, p.965).

In the CIPD’s research project with Bath University, they found that those line managers who took the time to support and develop their teams; focusing on job satisfaction and employee well-being, had better performing teams. Having the opportunity to develop in their careers, coupled with that job security equates to a happier and higher performing workforce with a good work-life balance (CIPDb, 2020).

WHAT IS PERFORMANCE MANAGEMENT?

- ▶ “A process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved.” (Rees and Tymon, 2016, p.245).



The stages of the traditional performance management cycle can be seen on the screen (Hearn, 2017):

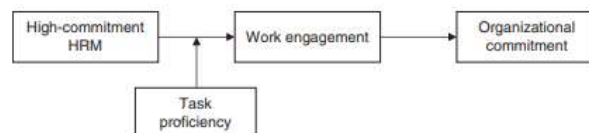
1. Plan: setting “SMART objectives” (for both individuals and teams)
2. Act: working towards those objectives
3. Track: monitoring the efforts by that individual and whether they are on track to achieving these set objectives
4. Review: having an honest conversation with the employee as to whether they have achieved their objectives.

Traditional performance management models are being rethought with the emergence of new technologies. HR is becoming ever more analytically focused, whereas performance management systems often fall short in this area (Schrage et al, 2019, p.1). The use of technology and smarter working initiatives have been catalysed by the Covid-19 pandemic. This has forced teams to make adjustments: working from home and thus communicating virtually. Performance management has had to adapt in a similar way. This includes, adaptable goals and frequent honest conversations with line managers, rather than a rigid, set performance management cycle (Wigert, 2020) in order to maintain a competitive advantage (Schrage, 2019, p.1).

PERFORMANCE MANAGEMENT - EMPLOYEE CAPABILITY AND COMMITMENT

► PM should consist of activities which (CIPD, 2020):

1. Identify clear objectives - employees know where they fit in achieving organisational objectives (employee voice!)
2. Improve employee and thus organisational performance, through coaching and training (adaptable KPIs in line with the times)
3. Recognise performance, good or bad e.g. promotion/ dismissal in regular, honest conversations



(Boon et al, 2014, p.404)

Marchington et al, highlight that the “worker voice” is a key element in employee capability and commitment. This is essential in achieving HPW. They argue that communication with employees builds trust, a feeling of inclusion and importance (2016, p.63). Additionally, the workforce can often create the solutions to any performance related issues through effective and fair feedback channels. This is all driven by dynamic leaders and excellent HR practices, whereby the staff can see what value they add and are part of the conversation as to how to improve performance across the organisation

(Marchington et al, 2016, p.64).

It should be noted that each team/ organisation may respond to this engagement differently. Firstly, examples of this engagement could include surveys, one-to-one discussions (usually carried out face-to-face), team meetings etc. Depending on the supervisor and their approach, these processes can be equally successful or detrimental. For some, these act as valuable forums where the supervisor gathers invaluable information resulting in positive changes. This commitment gives the organisation a competitive advantage as their workforce is willing to go above and beyond what is required of them (Boon and Kalshoven, 2014, p.404). Robinson's research concluded that regular contact with teams boosted capability and performance (2013, p.3). On the other hand, this could reinforce a hierarchical atmosphere, subject to the attitude of the supervisor. This in turn would make the team feel less valued and would therefore inspire less commitment (Marchington et al, 2016, p.64).

Traditional KPIs may not be suitable anymore in a Covid and post-Covid world, with smarter working initiatives and hybrid working becoming the new norm (Schrage, 2020). This requires managers to trust in their teams, avoiding micromanaging, thus believing in their skills and

capability. Consequently, those individuals who are left to manage their own workload, create their own solutions are more likely to be committed to their roles and perform better (Boxall and Macky, 2014, p.965). Line managers will have to be smart in how they coach their teams in this new virtual world, checking in more regularly perhaps, or thinking of new ways to monitor an individuals' capability (CIPDb, 2020). If an organisation is looking to have that competitive advantage over another, they'll need to keep advancing in their ideas. Performance management must adapt with the fundamentals of the organisations (Cappelli and Tavis, 2016).

PERFORMANCE MANAGEMENT- RECOGNISING AND REWARDING TALENT

Recognising:

- ▶ Types of appraisal: top-down, 360, peer etc.
- ▶ Pitfalls: bias, unfair comparisons, influence of past/ recent events etc.
- ▶ Benefits: Regular one-to-one honest conversations manage expectations, adaptable goals, areas of development are clear, objectives discussed

Rewarding:

- ▶ Pay
- ▶ A simple, “thank you”
- ▶ Total reward
- ▶ Strategic reward

Often, line managers can be quick to pick fault at their teams, identifying areas of development and performance issues. It is vital to balance this out with praise where it is due, recognising and rewarding this hard work (Robinson, 2016, p.6).

Appraisals have traditionally been a tool to recognise talent and evaluating performance, having a written record of accountability, and a justification for promotion/ reward (Cappelli and Tavis, 2016). There are numerous types of appraisals, including 360 appraisal, peer- appraisal and the traditional “top-down” appraisal,

whereby a manager gives their feedback to the member of their team (Rees and Tymon, 2016, p.265). More recently, this “top-down” type of appraisal is widely regarded as a flawed and not the best way of recognising and rewarding talent. Rowe has identified the following as issues with the traditional appraisal system (1986):

- Supervisors tend to summarise and can be influenced by the success of one particularly good task, as opposed to looking at the performance as a whole
- Similarly, an individuals’ performance could be deemed unsatisfactory based off the performance in one project/ area when their overall performance may read differently
- Avoiding honest conversations where performance has not been satisfactory to avoid the potential emotional outburst and/or uncomfortableness from the employee
- Supervisors playing it safe and showing reluctance to score someone as “poor” or “excellent”
- Being influenced by recent performance rather than the entire performance for the appraisal timeframe
- Being influenced by performances over previous years
- Showing bias by refusing to score an employee

higher than the appraiser received when they were in that job role.

Rees and Tymon add to this by reiterating the threat of bias. They highlight additional problems with the appraisal system (2016, pp.266-7):

- Influence of first impressions
- Unfair comparisons to other colleagues.

Performance management activities assist in recognising and rewarding talent. Regular one-to-ones, team meetings to set and establish objectives as well as discussions regarding KPIs in order to progress. This should be an honest conversation which looks at development needs and how best to improve one's performance. In recent times, this is regarded as the better way in creating a high performing team (Boon and Kalshoven, 2014, p.404).

Pay is one method of rewarding talent. Performance related pay (PRP) is when an individuals' salary and opportunity to increase it, is directly linked to their performance. This is particularly prominent in the private sector who have more flexibility around pay (CIPDa, 2020). This has the ability to be a fair way of rewarding performance, so long as clear and fair

objectives are set from the start (CIPDa, 2020). In recent years, practitioners have argued that PRP is not a fair summary of rewarding a good employee. They could contribute in other ways, therefore this has prompted some organisations to cast the net wider, and consider skills and general contribution for example (CIPDa, 2020). This is where the concept of “total reward” comes into play, whereby the bigger picture is looked at such as “work-life balance” and a positive culture within the organisation (CIPD, 2021).

“Strategic reward” relates to policy and processes which specifically address reward. This contrasts “total reward” which looks at a large scope of policies which all contribute to the satisfaction of an employee (CIPD, 2021). Michael Armstrong explains how reward can look different in various organisations. This considers pay and the pay structure, bonuses, pay that competes with similar organisations, and ensuring that all of this is done in a fair manner (CIPD, 2021). The CIPD do warn however, that total reward is not a straightforward concept. Each individual is different, and reward for one employee may look different to another. It is also difficult to measure the impact of these practices, which take time and training of line managers, to implement successfully (2021).

Recognising and rewarding talent allows employers to retain good staff, whilst achieving HPW to boost organisational potential and performance.

PERFORMANCE MANAGEMENT - LINE MANAGERS

- ▶ Line managers are the crucial element in achieving excellent performance
- ▶ An effective line manager will ensure:
 - ✓ Clear objectives are set
 - ✓ Goals are achievable
 - ✓ Support is in place
 - ✓ There is opportunity for development
 - ✓ Micromanaging is avoided
 - ✓ They check in regularly
 - ✓ Honest conversations are had... even those awkward ones!

Robinson describes employee engagement as a two-way street between employees and their employers, line managers being a key element in this (2013, p.1). Performance management is often deemed as an awkward and uncomfortable task for line managers to carry out. Consequently, the temptation is often to put off these conversations, overlook poor performance and hope the issue sorts itself out – this rarely happens (Robinson, 2013, p.2). In Robinson's research project, she concluded that those managers who were willing to have these honest conversations, had the most engaged

teams. Thus, performance was better. As part of this, these line managers explained to their teams *why* their role was so integral to the organisation and how they fitted in to the wider picture. This resulted in them feeling valued and motivated (2013, p.3). Clarity and clear objectives were deemed one of the most important factors for employees in performing well (Robinson, 2013, p.7).

This research also recognised that approaches from line managers need to be tailored to the individual. For some, a coaching approach may suit better, whereby that individual builds their own solutions. For others, they may prefer less contact and the opportunity to manage their own workloads. Line managers need to try and strike the right balance (Robinson, 2013, pp.4-5).

PERFORMANCE MANAGEMENT - HR & LINE MANAGERS WORKING TOGETHER

A shift in responsibilities...

Seek advice at an early stage!

- ▶ Have I done everything to support this individual?
- ▶ Am I following policy and HR processes?
- ▶ How could I prevent this from progressing to a formal process?

HR provide the tools for line managers to use

Line managers should be trained in how to effectively use the tools

The roles of line managers and HR has changed in recent years. HR have stepped into a strategic role, placing more responsibility onto line managers. There is a greater expectation on line managers to be more involved in learning and development and coaching their teams for example. It is vital that HR ensure supervisors are capable and confident in doing this (CIPDb, 2020). In a research project carried out with Bath University, the main elements of influence line managers were deemed to have important control over, were developing their teams and rewarding excellent performance (CIPDb,

2020).

Line managers should be trained by HR to try and recognise unconscious bias and have fair systems in place to measure performance. The CIPD suggest: insisting that a certain percentage of their teams should sit either end of the performance scale i.e. poor/excellent (CIPDa, 2020). Increasingly, data is being used to assess the performance of an individual, rather than the traditional managerial opinion. This is deemed a fairer way of assessing performance. Line managers are also expected now, to provide feedback in a timely and regular manner, as opposed to the traditional annual appraisal. The HR team should advise here on the best approach in providing this feedback (Schrage, 2019, p.2).

In Robinson's research, she identified that line managers who followed procedure and sought advice from HR, were able to deal with performance issues more effectively. Seeking support from HR is particularly important when performance reaches that formal stage, and they can assist in co-ordinating the performance process, step-by-step (2013, p.14). It is vital however, that line managers seek HR and/or legal advice from the off-set to ensure everything is considered at an early stage, in order to prevent a performance issue escalating to formal process. As part of this, it was appreciated

when line managers had these awkward conversations early, to attempt to squash the issue before it grew (Robinson, 2013, p.27).

Moving forward, the tight relationship between line managers and HR will only continue to grow, where HR hand line managers the tools to achieve performance excellence.

SUMMARY

- ▶ When used correctly, the HR bundle of practices can contribute to HPW
- ▶ Line managers underpin the performance of individuals through honest conversations
- ▶ HR assist in creating the policies and practices, guiding line managers in how to use them
- ▶ Line managers get the most from their teams when they give them a voice and a purpose empowerment!
- ▶ There are various methods of recognising and rewarding talent - each employee will respond differently to these methods
- ▶ Employees should have SMART objectives, fully understanding how they “fit in”
- ▶ Organisations should aim for a committed workforce to achieve HPW and boost organisational performance and potential which is sustainable.

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