

High performance working- Chartered Institute for Personnel and Development

Corporate and HR strategy

This article provides the evolution of thinking of the Chartered Institute of Personnel and Development (CIPD) from *High Performance Working*, to *Smart Working* and now to *Shaping the Future*.

High Performance Working

This theme draws extensively on research carried out by the International Federation of Training and Development Organisations (IFTDO) and the International Labour Organization (ILO). The research findings, including case studies, are available on the ILO website (see 'Useful contacts' section). CIPD and the Engineering Employers Federation (EEF) have produced a joint guide *Maximising employee potential and business performance: the role of high performance working* drawing together available research and considering the various practical issues involved.

What is high performance working (HPW)?

HPW can be characterised as everything that 'Taylorist employment practices' are not. This is an unfair reflection on the substantial influence of F W Taylor on management thinking in the early part of the last century. However, HPW is the diametrical opposite of employment strategies based on short cycle times, skill minimisation and 'one right way'. This approach is appropriate to the high volume repetitive working usually associated with products and services sold on the basis of low cost and narrow range. HPW is better suited to product and service sectors that are at least concerned with mass customisation and more often designed to meet the needs of individual customers.

What HPW means for people management and development

HPW places great emphasis on effective people management and development. Unlike simple repetitive work, subject to high levels of control and checking, quality is left very much in the hands of those facing the customer. For some people in some organisations, HPW merely describes that which they have been doing. For others, the emphasis on organisational strategy rather than that of an individual or a department may mean simple changes in emphasis. For some organisations, and managers in particular, HPW entails a wholesale culture change and one that may not be welcome.

The concern that many employers now express to develop the soft skills of their employees is probably evidence of at least a latent understanding of the need for HPW. However, the strategic, cultural, organisational, developmental and relational implications of HPW are likely to be profound for many employers, even those that may think that they match closely to the HPW approach. For personnel and development practitioners who are at the heart of these changes, the implications are likely to be equally challenging. Providing a guiding light in the transition from low to high performance working is likely to require an entirely new professional orientation. It can magnify the role of management development to 'whole organisation' size and shift the task of definition of learning and work organisation from the centre to the periphery.

The component parts of HPW

- A prerequisite is a vision based on increasing customer value by differentiating an organisation's products or services and moving towards the customisation of its offering to the needs of individual customers.
- Given this, leadership from the top and, over time, throughout the organisation is necessary to create momentum, to realise the vision and to measure progress.
- The main characteristics:
 - Decentralised, devolved decision-making, made by those closest to the customer - so as constantly to renew and improve the offer to customers.
 - Development of people capacities through learning at all levels, with particular emphasis on self-management, team capabilities and project-based activities - to enable and support performance improvement and organisational potential.
- Support systems and culture:
 - Performance, operational and people management processes aligned to organisational objectives - to build trust, enthusiasm and commitment to the direction taken by the organisation.
 - Fair treatment for those who leave the organisation as it changes, and engagement with the needs of the community outside the organisation - this is an important component of trust and commitment-based relationships both within and outside the organisation.

Creating a framework for HPW

An Organisation for Economic Co-operation and Development (OECD) definition of high performance working refers to flatter, non-hierarchical structures, moving away from reliance on management control, team-working, autonomous working based on high levels of trust, communication and involvement. Workers are seen as being more highly skilled and having the intellectual resources to engage in lifelong learning and master new skills and behaviours.

There can be no precise definition, however. Most organisations are likely to be moving towards rather than considering that they have achieved HPW. The IFTDO/ILO case studies show a variety of levels of achievement: a hotel that has introduced multi-skilling, key 'soft' skills and discretionary decision-making for staff; a bank that has used project working to move its business forward, looks for employees who have 'unconventional ideas' and encourages 'prudent risk taking' by accountable staff; and a driving school whose driving instructors have provided the initiative to use computers extensively in driver training and scooped a large slice of the national market for driver instruction as a result.

Vision provided the starting point for all the case study organisations. It embraced both market objectives and organisational dimensions. In most cases, too, it was based on benchmarks, including international benchmarks, of performance. World class and 'differentiation' were common themes and so were aspirations for the contribution of people: problem solving, creativity, development and empowerment were frequently mentioned. The importance of vision cannot be over-emphasised. In a case study on the United States Social Security Administration, it was reported that the President's Management Council saw a central expectation of human resource development as its contribution to high-performing federal agencies.

Moving **organisational structures** away from traditional hierarchies and towards self-managed teams and cells is one aspect of high performance working. One case study showed how every employee was expected to be a member of no less than five teams. However, the use of projects as a major focus for learning marks a strong link between performance, work organisation and learning. HPW may find its ultimate focus in individuals and teams working creatively with individual clients but many organisations have not moved this far. Providing largely standardised products or services but harnessing creativity to innovative work within project teams that move the business forward is an important and positive half-way house.

In this context, **learning** describes a range of activities from competence definition and development, often relating to soft, teamworking and self management-skills, through multi-skilling and team-leadership to resources provided through corporate universities. But the key point is the way in which learning is linked in a high performance environment to work organisation and practices such as job rotation and project working.

Linking learning with project working aimed at performance improvement and business development provides motivation and quick results. It provides the justification for longer-term investment in learning. It also shows the real advantages of knowledge management systems designed to capture and recycle knowledge, passing know-how from those who know to those who do not on a just-in-time basis.

Focusing on learning in teams starts to move the point of definition of learning needs away from the centre. Instead of one-way communication, from teacher to student, the need to learn comes 'from within the learner'. In this context, the role of trainer becomes that of facilitator.

The **people management** framework within which learning and work organisation changes sit is shown to be of considerable importance. On the one hand, there are issues to do with performance management and systematising change. Of equal importance, however, is the development of a culture within which people are prepared to enthusiastically embrace change in work methods, skills, relationships and even employment.

At the heart of the issue is the development and maintenance of trust and particularly trust between those at the top of the organisation and those throughout the organisation. There is also the promise that better relations between management and employees will help improve productivity - which explains why the Government has published its proposals on how best to implement in the UK the EU Information and Consultation Directive under the rubric High Performance Working⁴.

However, although employee involvement systems have been shown to be of importance and working through and with trade unions can provide underpinning support, legitimacy and partnership for the changes involved, the key issue has more to do with the psychological contract and relationships than with structures and systems. One case study describes how a new general manager established the confidence of his employees. Others show how employees can be made to feel part of a winning team and recognition rather than bonuses reward performance.

Part of the psychological contract has to do with severance and relations with the local community. HPW organisations are not a 'soft touch'. They change and need to flex their workforces from time to time and they want to be good corporate citizens. Making sure that those who have to leave are prepared to do so and, in one case, have the capability and support to be able to settle into a new job or self-employment is one aspect of this. Another is the opening up of learning centres to local people and the families of employees. In one case study, local unemployed workers were given the opportunity for pre-employment training and were given preference when opportunities for employment arose.

Overcoming barriers to uptake of HPW

The joint report by the CIPD and the Engineering Employers' Federation referred to above demonstrates how UK manufacturing companies that introduce HPW can expect to achieve a 20% increase in productivity and profitability, and concludes that private sector service firms and public sector bodies could enjoy a similar boost to performance. However, the study highlights difficulties facing manufacturing firms and other organisations that want to introduce HPW - which presents a serious leadership and management challenge to the UK.

the report finds that firms wishing to introduce HPW successfully must win the trust of their employees, be prepared to let them be more directly involved in decision-making, and provide extensive training for managers and employees. Sophisticated recruitment and selection procedures must also be put in place to ensure that future managers and employees can support a culture of HPW.

Furthermore, the chances of success of HPW can hinge on a strong and active commitment from senior management, commitment from employees to the organisation's objectives, the opportunity for managers and employees to apply their own discretion in their work and the pursuit of continuous learning throughout the organisation.

DTI and WMC case studies

A report funded by the Department of Trade and Industry (DTI) (now the Department for Business, Innovation and Skills - BIS)¹ brings together the results of ten case studies of high performance working – drawn from The Sunday Times 100 Best Companies to Work for list – and a survey of 294 organisations facilitated by the CIPD. A report by the Wales Management Council (WMC)² draws on nine case studies.

The DTI survey confirms that many high performance work practices have already been adopted by UK organisations though usage varies by type of practice. For example, appraisals were used by 95% of the sample survey whereas share options are used by only 16%.

The survey provides further evidence of a link between the level of adoption of high performance work practices and organisational performance. Organisations adopting more than 35 practices have greater employee performance, are more effective in delivering adequate training provision, motivating staff, managing change, and providing career opportunities. The WMC case studies also emphasise the importance of distinguishing between 'performance practices' – such as teamworking – and 'enabling practices', such as communications, reward and learning, that are needed to make sure that people are motivated and equipped to change the way they work. Successful organisations are found to be those that integrate performance and enabling practices.

The DTI case studies in turn illustrate a relationship between the range of high performance work practices used and the performance goals of organisations, the sector organisations operate in, and how product strategies are deployed to achieve results. This finding is reinforced by the WMC case studies which show that high performance work practices are adopted because they contribute to organisational success.

Key findings relate to leadership and skill development. In the DTI study leadership is found to be crucial in creating, shaping and driving high performance organisations. The WMC study likewise concludes that chief executives provide a necessary impetus for change but also notes that all managers in key positions needed to be change leaders. Similarly, high performing organisations tend to be leaders in their industries, creating best practice rather than following it. And to ensure continued success high performance work practices are usually subject to constant modification in line with evolving business objectives.

Skills in general are not developed for their own sake; skills development is very focused and designed to achieve specific business outcomes and levels of performance. In most cases training and continuous development is regarded as a 'given'; it is not a matter of 'high performance working organisation training more.

Furthermore, tacit skills and institutional knowledge are relatively more important than technical skills. In high performing organisations skills policy is about creating a work environment in which employees can learn all the time as part of their normal work and where they can take advantage of the training opportunities to enhance performance and innovation.

Smart Working

As the world of work changes in response to many factors – rapidly changing markets and services, different employee expectations and the opportunities presented by IT – organisations are adapting by moving from traditional systems and methods of organising to new ways of communicating and managing.

The CIPD undertook research to establish how these changes are feeding through into organisational thinking and structures, and what impact they are having on both performance and employee well-being. The research offered this 'emergent definition' of smart working: 'an approach to organising work that aims to drive greater efficiency in achieving job outcomes through a combination of flexibility, autonomy and collaboration, in parallel with optimising tools and working environments for employees'.

Smart Work: The impact of work organisation and job design, a report based on the first phase of the research, was published in March 2008. It offers the hypothesis that a new organisational paradigm is emerging in organisations, based on smart working principles. The role of HR in this context might be to create the space and set the parameters for job contribution that will enable individuals to take greater ownership of their employment experience, while delivering higher levels of performance and quality in line with the organisation's view of their role requirements.

Increasing numbers of organisations in the public and private sectors will need to think about these changes in their organisations, about how to create it, but also how to sustain it. HR practitioners who understand what is involved will be more ready to lead the thinking-through of the people management and development implications of such change. As a result the CIPD considers that HPW forms an essential part of what we believe should be a 'smart work' strategy which should inform both organisational practice and government policy measures.

Shaping the Future

The Chartered Institute of Personnel and Development (CIPD) published the first year findings of one of its flagship research programmes, *Shaping the Future*. This work is a longitudinal action research study and engagement programme exploring sustainable organisation performance. It aims to advance both thinking and practice through generating new insight, provoking debate, and providing practical guidance and tools that can be applied in a work context. It offers practical insights into achieving sustainable, long term business prosperity. The report follows six organisations undertaking change programmes, tracking their progress, examining the challenges and opportunities they encounter, and helping to stimulate debate among the 5,500 practitioners signed up to the dedicated Shaping the Future network.

The interim report, *Sustainable Organisation Performance: What Really Makes the Difference?* identifies the key areas that organisations need to consider on their journey to sustainable organisation performance. To successfully implement change and achieve sustainability, the report concludes that organisations need to focus on:

- **Distributed leadership:** Senior leaders set a clear strategy, but also empower and motivate managers to innovate to deliver it
- **Alignment:** All component parts of the organisation are focused on the same vision and values, objectives and end goal
- **Shared purpose:** Core purpose is firmly set from the top, with leaders and managers at all levels contributing to ensuring employees have a strong, emotional connection to that purpose
- **Locus of engagement:** Employees can be engaged on multiple levels – with the overall purpose of the organisation, the loyalty and bond they feel to their managers or team, or to the customer. For engagement to support sustainable performance, organisations need to ensure individual, team and organisational objectives are aligned.
- **Balancing the short- and long-term:** Successful organisations are flexible enough to respond to short-term demands, but maintain sight of the long-term horizon. The decisions employees make need to reflect this balance.
- **Assessment and evaluation:** It's not just about measuring the right things; it's also about taking the business context into account and how this data is fed back into the organisation. Data can be used not just to prove past performance but to improve for the future.

Jill Miller, lead researcher, CIPD, says:

“Delivering sustainable performance is important at the best of times, but as the economy embarks on what looks set to be a long, slow climb out of recession it is more important than ever. The key finding of our work is the extent to which sustainable performance is delivered by shared endeavour at all levels. Clear vision, strong leadership, great managers and engaged employees are all important – but these all come together to deliver sustainable performance only where shared purpose exists and is supported by co-ordinated, empowered and innovative management at all levels.

“Working with our case studies, we are identifying the enablers and blockers of sustainable organisation performance within the context of their specific change programmes. Our aim is to provide insights from the data and practical guidance that practitioners can apply to create change in their own organisations and drive performance for the long-term.

“The next stage of research will further explore insights developed so far, as well as revisiting the case study organisations to see what has changed and what they have learnt. In the meantime, our interim report makes clear what organisations need to do in order to perform well.”