HR and the high performance organization

HR’s role in creating a high performance culture

If people really are a company’s greatest asset, how can HR unleash discretionary effort and create sustainable high performance? Drawing on extensive research, Linda Holbeche of Roffey Park explains why success in the fast-moving economy means taking business and employee requirements into account.
and their employees.

The old relational contracts of the past, where employees expected continuity of employment and the possibility of promotion in return for unstinting loyalty and hard work, have largely been swept away. Notions of job security and conventional career growth have been replaced by messages about “employability.” Many people have experienced increased workloads, uncertainty and a sense that their employer considers them an expendable “resource,” rather than a valued contributor.

Consequently, the psychological contract has become more transactional than in the past. Employees are more obviously taking responsibility for managing their own interests, including their career. In the emerging knowledge economy, where skill gaps exist and key employees are hard to find, recruitment and retention are becoming major challenges in many sectors.

**The high performance organization model**

Drawing on a survey of over 400 organizations, Roffey Park identified some of the factors which appear to make a positive difference to productivity and aid organizations in achieving sustainable high performance. The resulting high performance organization model places employee needs and expectations alongside business needs. This means that the “deal” for employees, and the organizational context and climate in which work will take place, have to be right if employees are to commit to the company and provide the high performance required of them.

Key “input” elements of the model include:
1. Organizational changeability (how to develop flexibility, speed and learning).
2. Creating a knowledge-rich context for innovation (how to stimulate business breakthroughs and continuous improvement).
3. Creating a boundaryless organization (how to maximize potential synergies).
4. Stimulating people to sustainable levels of high performance (how to enable people to willingly release “discretionary effort”).
5. Becoming a great place to work (how to provide the right employee value proposition or “deal”).
6. Becoming a values-based organization (how to connect with employees and other stakeholders at a deeper level of meaning).

Underpinning these six elements are:
- Appropriate management and leadership.
- Built in flexibility.
- A fair employee “deal.”
- Empowerment and accountability.

**HR’s role in building a high performance culture**

What will be evident from this model is that HR, arguably more than other business functions, has the key role in helping organizations achieve sustainable high performance. What is involved is essentially about culture building, for which HR has at its disposal many of the necessary levers, including:
- Working with leadership teams to help shape thinking about the people implications of business strategy.
- Developing people strategies that serve both short-term and longer-term needs.
- Shaping policies that go beyond compliance to enable the application of best practice and imaginative treatment of employees.
- Working with the organization’s “gate-keepers” – managers at all levels – and helping them build skills required for effective team-building, performance management and leadership.
- Building a leadership cadre whose values and approaches will reinforce high performance practices.

In addition, HR can use its tools – such as reward systems, organization design and recruitment practices, to ensure that the organization is able to attract and retain the talent it needs. The challenge for HR is to make choices about how best to use these levers and where to focus energies to address both short-term business needs and to build strategic capability for the future. Given the heavy workloads of most HR teams, this will not be about adding to the “to do” list; it is more likely to involve reconfiguring objectives to meet a broader agenda.

Using Dave Ulrich’s model of HR roles, it will involve finding quicker, easier, more customer-focused ways of delivering HR infrastructure, in order to free up time for employee champion and change agency roles. Similarly, aligning HR strategies to business strategy will involve addressing short-term resourcing and other requirements, while using HR planning, leadership development and other tools to support the development of a flexible, changeable culture.

1. **Organizational changeability**

When change is largely driven top-down, people often find themselves unable to influence their own destinies. When change also results in heavy workloads and uncertainty, employees are likely to become “change-weary.” Developing changeability is about creating a context where change is no longer seen as a source of added pressure, but as a source of ongoing renewal – as much for individuals as for the organization.

Creating a changeable culture involves HR working with line management to develop more participative ways of bringing about change. It involves

Linda Holbeche is director of research and strategy at the UK’s Roffey Park Institute. She specializes in senior management and organizational development and leads Roffey’s Strategic HR public programs. She has authored over 100 articles, reports and book chapters. Her books include Aligning HR and Business Strategy (Butterworth-Heinemann).
making sure that decisions are taken at the right level and working with managers to ensure that they are able to coach and delegate effectively. Flexibility of mindset tends to come when people are able to see the bigger picture – which can be achieved through effective communication about the rationale for change. Increasingly, organizations are using various forms of large-scale intervention to help people to develop a shared understanding of the business challenges and a joint approach to finding practical ways of addressing them.

Creating a changeable culture is also about removing the barriers to flexibility, such as misaligned reward systems, conflict within and between teams, and managers who will not release people for development. It involves building up the enablers of flexibility, such as training and development, which can provide people with the knowledge and skills required for new roles within the changing organization.

2. Creating a knowledge-rich context for innovation

HR can play a key role in developing working practices and management approaches which are conducive to breakthrough ideas, as well as continuous improvement. Developing new behavior patterns among those involved can take time. It is in the nature of innovation that there is a high degree of failure, risk, uncertainty and complexity. Weak strategic oversight, organizational politics, blame culture and risk-averse senior managers are only some of the blockers of innovation and learning. Leaders also have a key role to play in leading rather than supervising, providing clarity of direction and parameters within which experimentation is encouraged.

HR can champion innovation by stimulating teamwork, acting as “corporate glue” and sharing good practice. HR can work with line management and IT specialists to develop effective systems for capturing and disseminating knowledge. HR can train people in creative thinking processes and ensure that work is structured to include the whole task – which produces greater flexibility and wider career paths, resulting in broader experience.

3. Creating a boundaryless organization

To maximize potential synergies, and provide greater reach and flexibility for both employees and the organization, people are increasingly required to operate effectively across mindset, functional, corporate and geographic boundaries. In practice, many organizations struggle to maximize the potential of cross-boundary working, whether the context is merger integration, joint ventures, teleworking, international team working or implementing diversity policies.

Often employees find working in ambiguous or remote relationships difficult, and managers are challenged by managing “new” forms of team, made up of contractors, people working remotely or on various forms of flexible work pattern alongside full-time employees.

HR can use the opportunity afforded by cross-boundary working to introduce effective learning mechanisms, ensuring the mainstreaming of sophisticated knowledge and skills acquired by those working in various forms of strategic alliance or international placements. HR professionals can facilitate cross-boundary team working and help people learn new skills and approaches and develop new career tracks to support the broadening of experience.

4. Stimulating people to achieve high performance

The right organizational climate is vital to creating high performance. This is about making the most of employee talents and accountabilities, and managing performance in ways which unleash, rather than constrain, employee potential. Various research projects suggest that in many organizations the workplace climate actually works against employees’ willingness to release so-called “discretionary effort.” In Roffey Park’s Management Agenda (2003) survey for instance, many people reported that they do not feel empowered to do their jobs. The main barriers to empowerment include heavy workloads, organizational politics, risk-averse senior management, interference by managers and blame cultures.

HR can help build a positive work climate by assisting managers in designing challenging jobs that offer people responsibility, provide the resources to do the job, and hold people accountable. Managers may need coaching around their own leadership style and help in learning how to develop team members. HR can support this by enabling job rotation, developmental assignments and relevant training, as well as working with line management to design effective performance management systems that are relationship-based rather than a system-led process. Effective reward and recognition systems that differentiate and reinforce good performance but offer a degree of individual choice in how performance is rewarded, also play a vital part in creating high performance.

5. Becoming a great place to work

When the psychological contract is weak, the cost to the organization is felt when it becomes difficult to recruit and retain key people. This problem is forcing organizations to develop new and more meaningful relationships with employees in order to recruit, retain and reap the benefit of their talent. Becoming a great place to work is about developing a new “employee deal,” which responds to employees’ needs for work-life balance, development and career growth. In conjunction with a good workplace climate, this deal is likely to go some way to repairing damaged trust and
forming the basis of employee commitment and retention.

HR policies, especially with regard to work-life balance, can make a positive difference. While few organizations can guarantee job security, HR should aim to move toward building internal talent, and deploying it well, rather than adopting contingency approaches.

HR can provide training and development geared to internal employability and encourage the adoption of “new” career practices, such as continuous management development, sabbaticals, wider networking and open appointment systems. It can design more flexible pay structures and a greater variety of roles through which people can gain leadership experience and the chance for learning and growth.

HR can also design a wide range of flexible working options to suit employee and organizational needs, helping line managers to communicate effectively and get the best out of a more flexible workforce. They can train managers in how to support work-life balance, and how to recognize and reward people who perform effectively, yet manage to achieve balance.

6. Becoming a values-based organization
Building an organization to which key employees want to commit means going beyond the rhetoric of values statements and corporate social responsibility policies. It is about managers and leaders “walking the talk” and building a new basis for trust.

Recent Roffey Park surveys suggest that many employees want to see a more open, democratic and ethical style of leadership. Under such leadership employees are treated as adults. Organizations have a strong sense of purpose to which employees can readily subscribe. In such contexts, they are more likely to commit to the organization and want to give their best.

Conversely, failure to practise values and a leadership vacuum are more likely to increase employee cynicism and reduce commitment. While organizations in every sector have explicit sets of values, some are more vigorous than others in ensuring that these are practised. For instance, Safeway the UK supermarket chain, holds a “meeting for everyone” every two weeks to demonstrate the company values, rather than merely discussing them.

Given the importance of leadership, HR can play a key role in ensuring that managers demonstrate company values by using 360-degree feedback and reward processes as a means of drawing managers’ attention to the importance of demonstrating leadership behaviors. Investing in leadership development at all levels should be seen as a priority. HR can enable senior management to expand their horizons and awareness of other leadership approaches by arranging benchmarking visits to other companies’ management teams. They can work with top management to design the criteria for promotion to future leadership roles.

A new role for HR
Building culture is never easy, and may require HR to move beyond partner, consultant and service delivery modes, into real business leadership. HR professionals will need the confidence to challenge vested interests and be willing to take well-informed risks in the absence of hard and fast data about future needs.

HR leadership involves building for the future while attending to current business needs. Building future capability may always be a matter of intuition and informed guess-work, linked with determination and some luck. Credibility will depend on high caliber delivery in the here-and-now and having the confidence to lead thinking and practice on strategic people issues. At the end of the day, it will require HR to role model high performance work practices and use all available HR tools in order to symbolically and practically demonstrate the way to sustainable longer-term success.

Copyright of Strategic HR Review is the property of Melcrum Publishing Ltd. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.