

High Performance Work Systems

Delivered by Anthony Stanton

Central London CIPD, February 2010

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Successful organisations, flourishing staff

Agenda

1. How good people management drives the bottom line.
2. 'Foundation' and 'Driving' policies.
3. 'Driving' policies shaped around each organisation's ethos.
4. Consistency between policies.
5. Measuring the policy framework.
6. Conclusion.

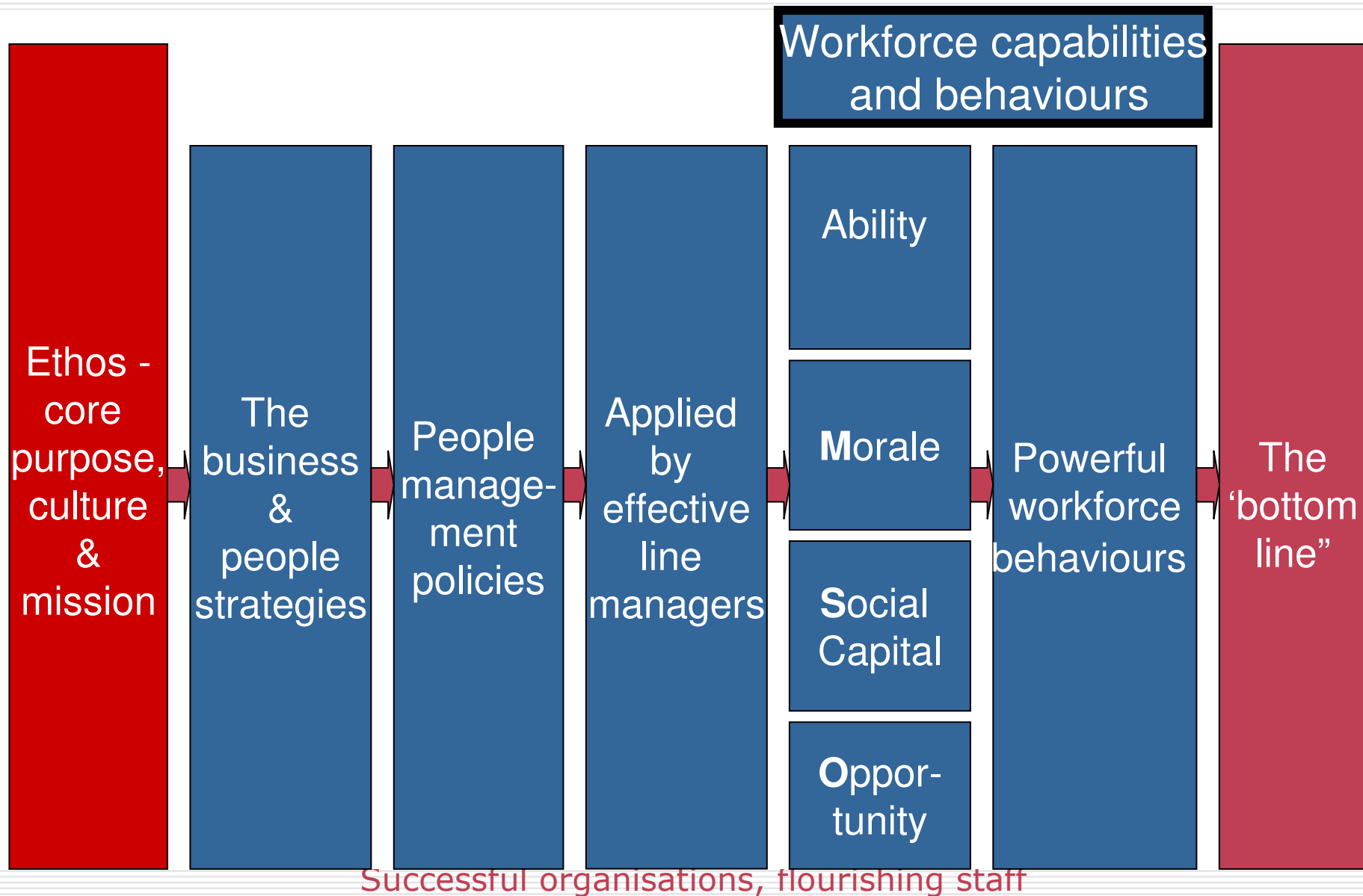
Anthony Stanton: speaker profile

- ❑ A background in HR and general management.
- ❑ Led HR in organisations employing from 600 to 11,000 staff.
- ❑ An HR strategist and coach, change agent, speaker and facilitator.

The impact of people management on organisational success

- ❑ UK manufacturing companies. Well managed workforces were 18% more productive, with 19% better profitability. (West and Patterson 1998)
- ❑ U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- ❑ UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

The people management value chain



Definition of people management policies and procedures

- ❑ Policies and procedures tell line managers how the organisation expects them to manage their staff...
- ❑ ... to produce the employee skills, attitudes and behaviours which will drive the organisation's success.

The vital role of line managers

- o *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- o *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”* Gallup.
- o *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



The private sector: the 'for profit' bottom line

The right products or services



Satisfied and loyal consumers.



Strong consumer demand.



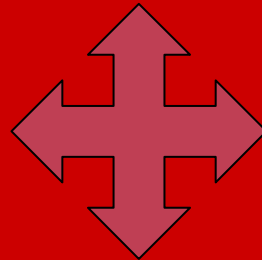
Profit target met.

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'Not for Profit' Bottom Line

The right products or services
(in terms of innovation, quality, cost.)

**Satisfied and loyal
clients.**

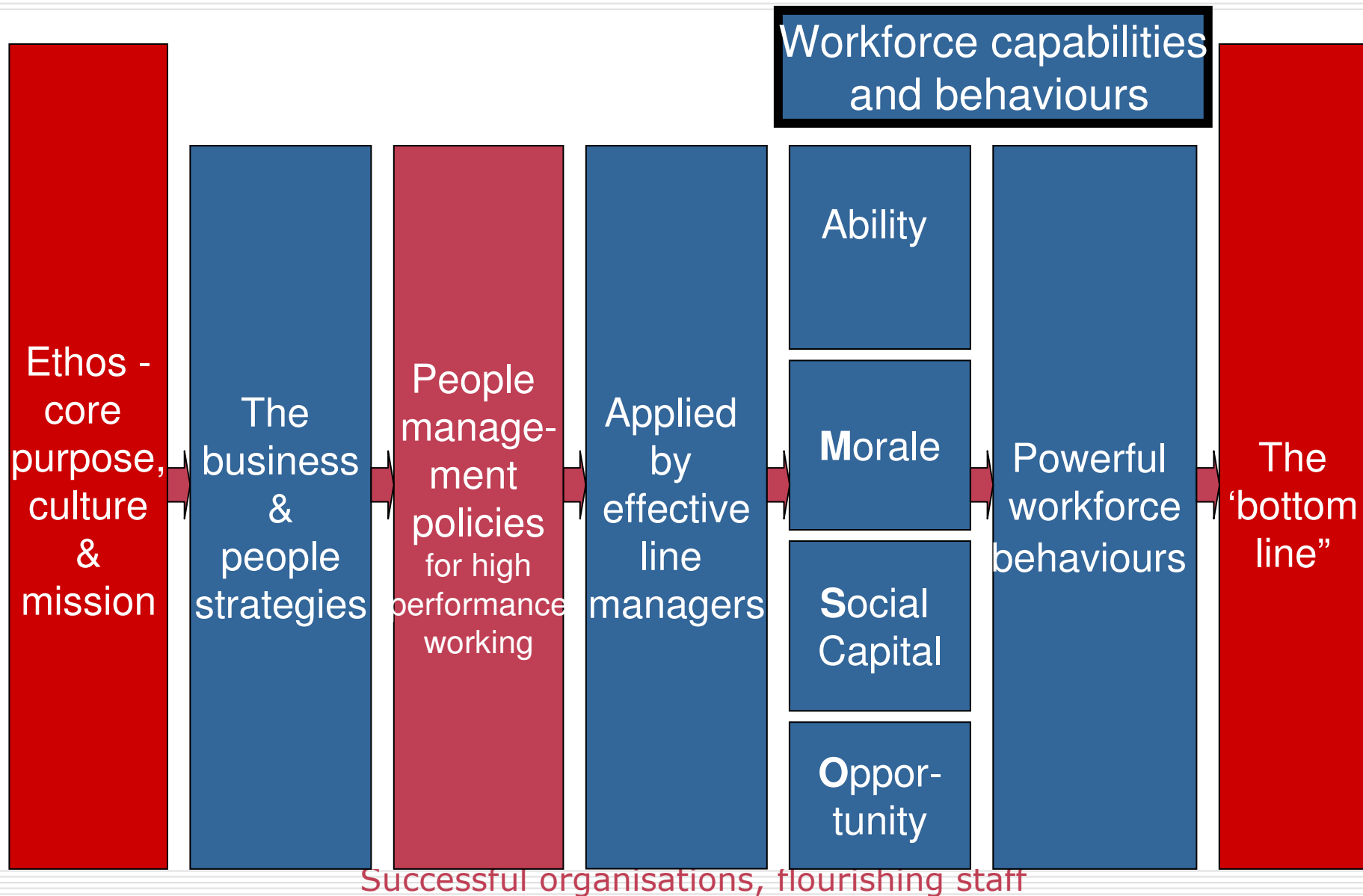


**Strong public
reputation.**

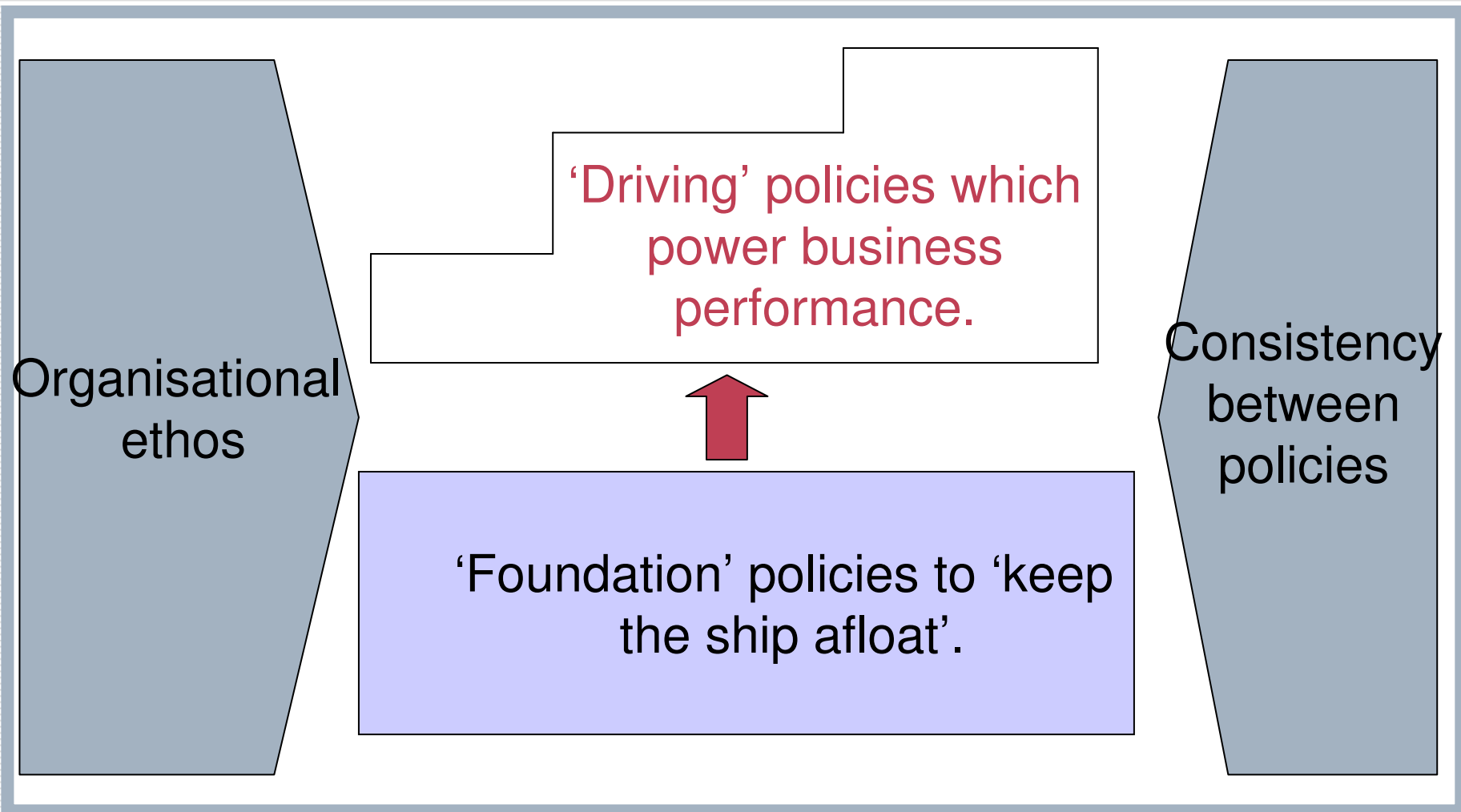
Financial targets met

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The people management value chain



People management policies to drive performance



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Two kinds of people management policy

‘Driving’ policies which power bottom line business performance

‘Foundation’ policies to ‘keep the ship afloat’.

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Hierarchy of employee needs to generate morale

(based on Sirota et al 2005)

Achievement

Camaraderie

Employee well-being:

- Psychological - role clarity, fair treatment.
- Economic - fair pay, reasonable job security.
- Physiological - safe working environment, able to cope with the job.

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‘Driving’ policies

‘Foundation’ policies to ‘keep the ship afloat’

1. Good leadership at all levels.
2. Clear role definitions, doable workloads, satisfying jobs.
3. Recruitment & training provide staff who can do their jobs.
4. Pay levels meet staff needs and match market rates.
5. Staff have a say in decisions affecting their own work.
6. Change and re-structuring are well managed.
7. Sound grievance, conduct & capability procedures.
8. Reasonable job security.
9. A range of work life balance options.
10. Good staff facilities e.g. dining, loos.
11. A healthy and safe working environment.
12. All procedures are fair, equitable and transparent.

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UK law in the 'Foundation' policy areas.

Policy area	UK Law
Doable workloads.	Working Time Regs; stress legislation.
Pay levels meet staff needs:	Minimum wage.
Staff communication & involvement:	T.U. protection; Information & Consultation of Employees Regulations.
Grievance; bullying & harassment complaints:	Statutory disciplinary and disputes procedures; unfair dismissal.
Conduct and capability:	
Work life balance:	Maternity and Parental Leave; Flexible Working Regs, Working Time Regs.
Organisational re-structuring:	Redundancy; TUPE.
Health and safety:	Health and safety legislation.
Procedures to be fair, equitable and transparent:	Equality: disability, gender, ethnicity, age, part time & fixed term workers, etc..

What Driving policies are for

‘Driving’ policies which power business performance:

- **To create a workforce with the right capabilities (the right people, with the right relationships, opportunity and morale);**
- **With powerful employee behaviours;**
- **Who deliver strong bottom line performance.**



‘Foundation’ policies to ‘keep the ship afloat’.

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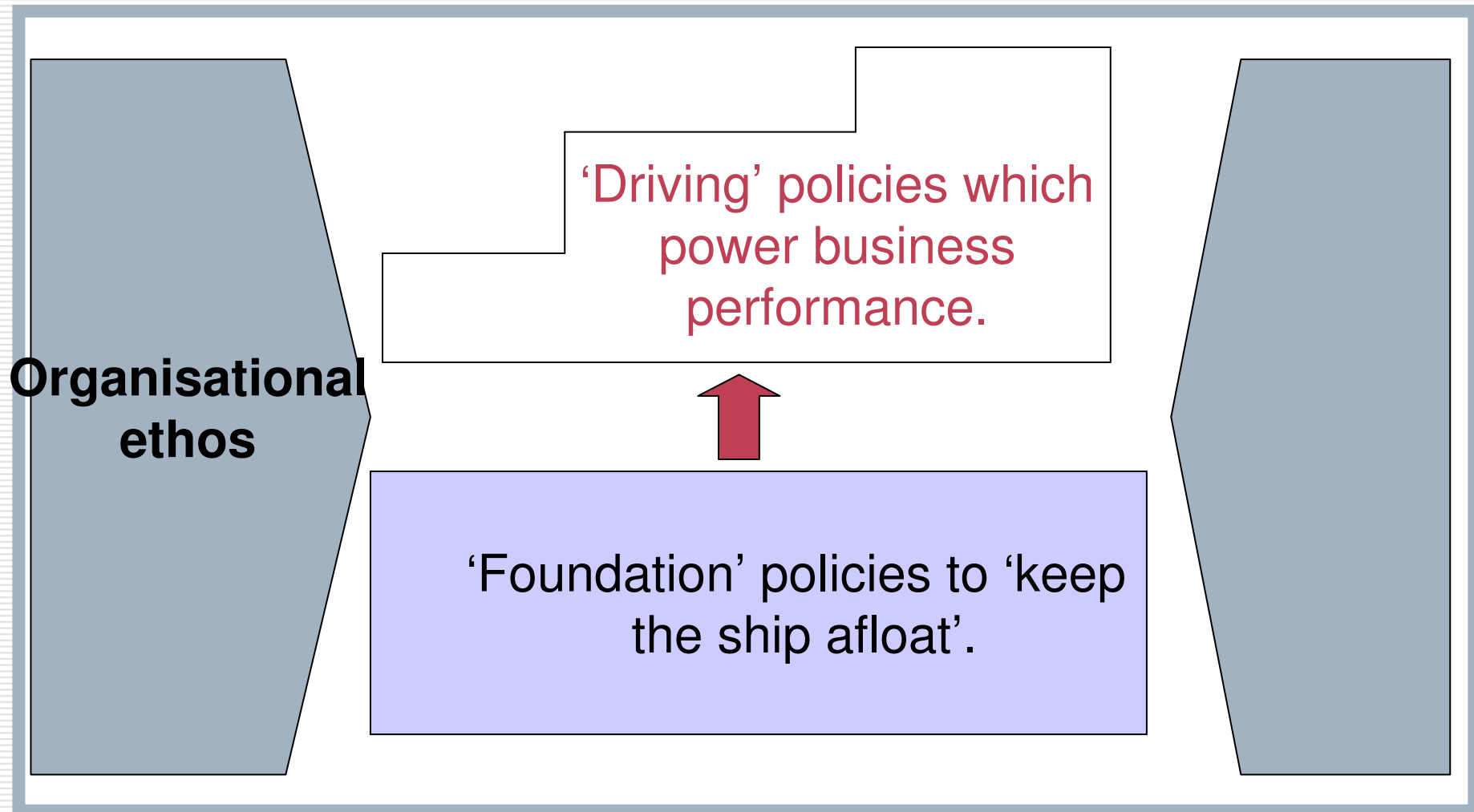
‘Driving’ policies to power organisational success (adapted from: Lepak & Snell 1999; Ulrich & Brockbank 2005)

1. Leadership style.
2. Design of work and jobs.
3. Recruitment, selection, induction & probation.
4. Performance development and review.
5. Learning and development.
6. Recognition and reward.
7. Career and succession planning.
8. Employee communication.
9. Employee involvement in decision making.

‘Foundation’ policies

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People management policies to drive performance



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Cameron and Quinn's 1999 typology of organisational cultures

Values flexibility and change.



Flexibility versus stability



Values stability and control (keeping things the same).

Clan culture. People orientated organisations which feel like an extended family. High levels of trust, commitment to employees, teamwork, staff involvement in decision making, empowerment and partnership. The organisational 'glue' is shared values and beliefs. Example: Disney, up market hotels.

Adhocracy culture. Innovative, creative, risk taking, dynamic and entrepreneurial, seeking to have the most unique or the latest products. Organisation charts are temporary or non-existent; roles change frequently. Examples: software development; film making; think tank consulting.

Hierarchy culture. A 'command and control' bureaucracy valuing tradition, consistency, co-operation and conformity. Designed for efficiency and cost containment, with few changes in customer preferences, competition & technology. Examples: McDonalds; the US Inland Revenue Service; HM Revenue and Customs in the UK.

Market culture. An aggressive emphasis on out-performing the competition in the market, and achieving demanding targets. This culture works well if the external environment is threatening, and the focus is on competitive advantage and profit. Example: General Electric under Jack Welch.

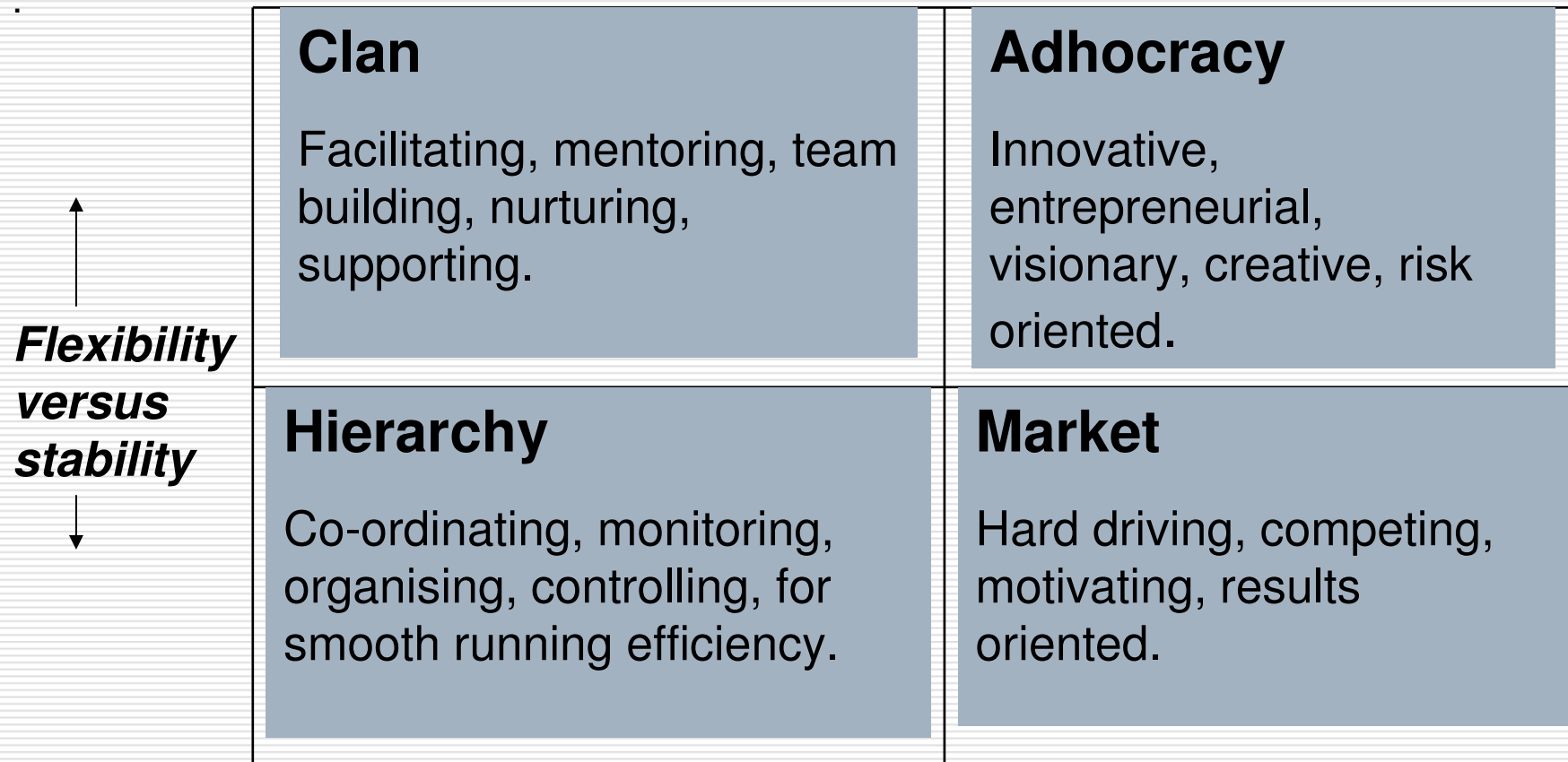
Attending primarily to what is going on inside the organisation.

Internal versus external focus

Attending primarily to what is going on outside the organisation.

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Leadership style to fit different organisational cultures (Cameron and Quinn 1999)



Internal versus external focus

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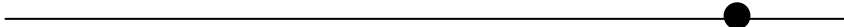
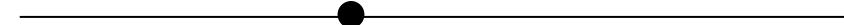
Performance management style to fit different organisational cultures

Emphasis on

Low

High

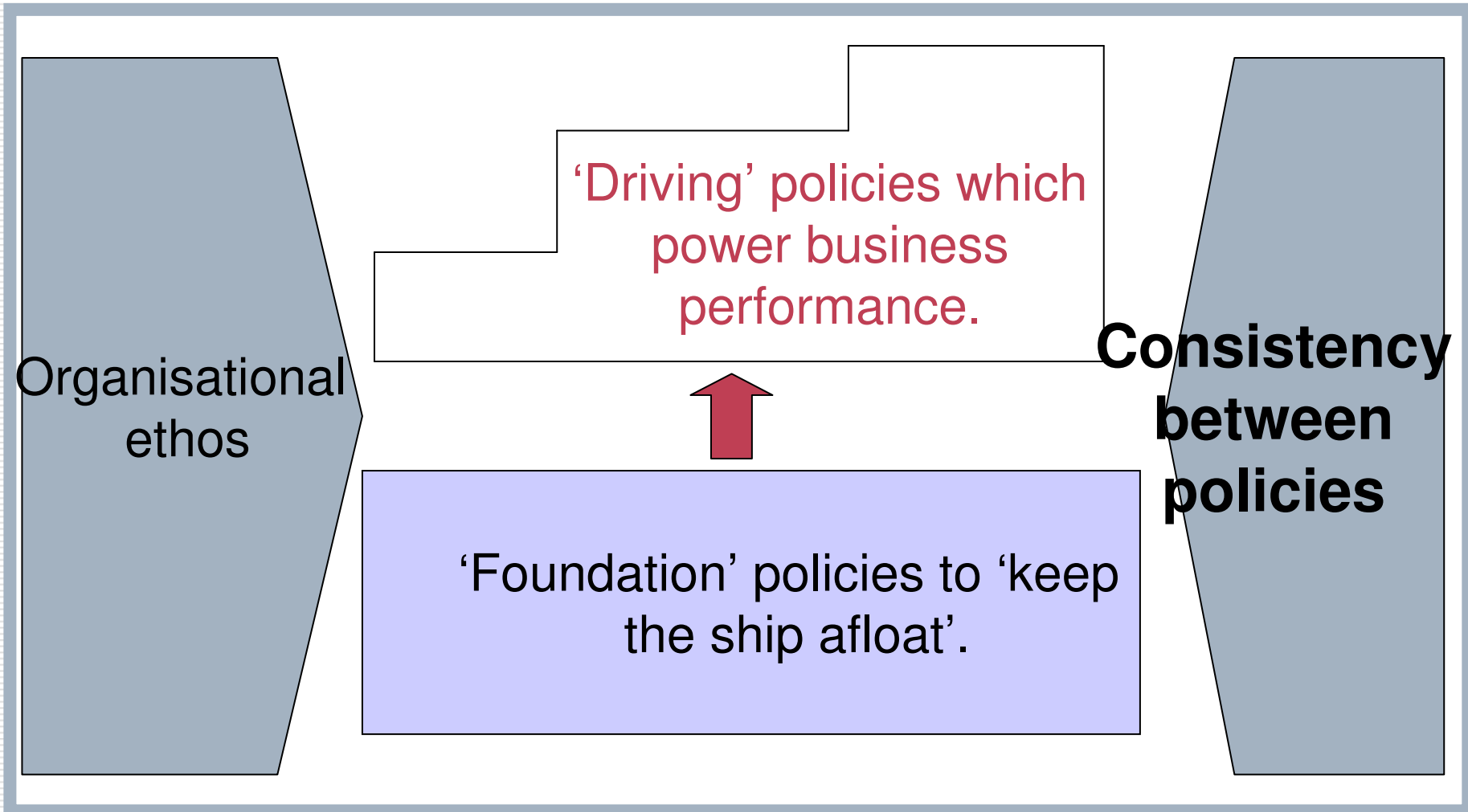
- Nurture** and grow employee's skills
- The way staff do things** – living the values
- Achievement of results**



(Market – Merchant banking?)

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People management policies to drive performance



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The Policy Arrow – ensuring consistency between policies

Core purpose and values, culture and strategy.

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

Career and succession planning.

Employee communication.

Employee involvement in decision making.

Foundation policies.

Audit report for a Performance Development and Review (PDR) policy and procedure.

Factor	Result
<p>Design quality</p> <p>1. Match to the organisation's employer ethos.</p> <p>2. Consistency with other people management policies.</p> <p>3. Ease of use.</p>	<p>√</p> <p>X</p> <p>√</p>
<p>Application by line managers (target in brackets)</p> <p>4. % staff having an annual PDR meeting and report (90%).</p> <p>5. % eligible staff receiving 360% feedback (85%).</p> <p>6. % staff with agreed written annual objectives (85%).</p> <p>7. % staff having monthly progress meetings (85%).</p>	<p>X 75%</p> <p>X 80%</p> <p>X 70%</p> <p>X 60%</p>
<p>Impact (target in brackets)</p> <p>8. Percentage of managers and staff who feel that PDR improves their ability, morale & performance (75%)</p>	<p>X 57%</p>

Measures used: assessment by management panel; data from appraisal reports; staff survey and focus group results.

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What we've covered

- How people management drives the bottom line – the 'people management value chain.'
- 'Foundation' policies to 'keep the ship afloat'.
- 'Driving' policies shaped around the organisation's business strategy.
- Consistency between policies.
- Measuring the policy framework.

Anthony Stanton

I help organisations to be more successful by improving the capabilities and productivity of the workforce. I consult, write, speak and teach.

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