

High Performance Workplaces

By Robert Stevens, IPA Research and Information Manager

Introduction

The concept of the high performance workplace has become increasingly important to employers, policy makers and the social partners over recent years. According to a recent DTI discussion document, “modern, high performance workplaces... build on the simple insight that individuals are more likely to give of their best if they feel valued and are given the opportunity to contribute their ideas; and that people who are well-prepared for change can help to introduce it and thereby help secure employment within the business”¹.

High performance working demands a vision based on differentiation and the continuous improvement in the quality of goods or services provided to customers, but critically one which takes a strategic approach to people management and the introduction of new forms of work organisation. As the European Commission’s Green Paper, ‘Partnership for a new organisation of work’ states, “improving employment and competitiveness through a better organisation of work at the workplace, based on high skills, high trust and high quality” (1997: 5), occupies a key role in improving the competitiveness of European organisations, as well as the quality of working life and the employability of its citizens.

The IPA sees the contribution of workers to business performance and the broader role of individuals as ‘citizens’ as inextricably linked.

Definitions

In essence the concept of ‘high performance working’ refers to evidence of what the International Labour Organisation (ILO) describes as “the achievement of high levels of performance, profitability and customer satisfaction by enhancing skills and engaging the enthusiasm of employees”.

In particular, the issue of skill formation raises fundamental public policy questions about the role and nature of education and training policy of aspiring high performance economies and underlines the importance issues of work organisation if organisations are going to make more effective use of the skills of all of their employees; and the point that high performance organisations cannot be treated in isolation from the wider social and economic conditions in which they are locally, regionally or nationally situated.

A recent book by David Ashton and Johnny Sung at the University of Leicester takes up the issue of skill formation in high performance work organisations and how those skills translate into performance. Their work, which builds on case studies and research undertaken by the International Federation of Training and Development Organisation (IFTDO), argues that: “The traditional Taylorist forms of work organisation minimise the skills required of most employees to perform the job. They also minimise the involvement of these employees within the organisation...”

HPWOs are totally different: “The organisation of production is based on the assumption that

incremental improvements in the quality of the goods or services produced... the division of labour is organised to ensure that all employees are in a position to contribute towards the overall performance of the organisation... Management is no longer the sole repository of knowledge... [and] for the workers, also means that they must acquire the social and problem-solving skills required for the management of production, in addition to the technical skill required for their immediate work tasks. This generates the conditions not just for higher levels of learning and skill formation but for learning to become a continuous process”².

According to Mark Thompson, author of a recently completed five-year study into the relationship between human capital and performance in the UK aerospace industry, the HPWO “comprises of complementary sets of practices in human resources and employee relations that have been shown to strengthen employee involvement and encourage the acquisition and development of skills” (2002: 17), while Ashton and Sung argue that “there is now evidence of a robust link between HPWOs, productivity and profitability and a range of other performance measures” (2002: 17). For more examples of research into the relationship between work organisation and performance see: “New forms of Work Organisation, the benefits and impact on performance, Employment and Social Affairs”, published in UKWON Journal – Spring 2002, 9-11.

It would be fair to say however that not everyone is convinced by such evidence, which relies ostensibly on the association of a wide range of people management and employee participation practices with performance, itself measured in an almost equally wide-ranging way. While direct causality remains elusive, sceptical observers have sought comfort in more equivocal terminology; by referring to “high commitment management” or “high involvement management” in order to describe these phenomena.

High performance work organisation

The Organisation for Economic Co-operation and Development (OECD) definition describes high performance work organisations (HPWOs) as those organisations that are moving towards a flatter and less hierarchical structure where people work in teams and with greater autonomy, based on higher levels of trust, communication, employee participation and learning³.

Evidence collected about HPWOs shares many common elements with research to find a link between effective people management and organisational performance. This particular line of thinking is most advanced in the United States, where the literature tends to refer to high performance working when describing the use of new forms of work organisation and people management practices to produce business performance outcomes.

The OECD definition is broad in the sense that it refers to the organisation of work, trust and learning. Issues about effective people management are not lost on the OECD either, however it refers in greatest detail to issues relating to work organisation. Similarly, the European Work Organisation Network (EWON) and United Kingdom Work Organisation Network (UKWON) are primarily concerned with the identification, analysis, support and dissemination of new trends in work organisation

From a work organisation perspective, high performance working represents a complex interplay of factors, both internal and external to the organisation; the involvement and participation of the whole workforce in sharing knowledge, innovation and creativity through new workplace practices; and their implications for practitioners, policy makers and social partners.

The Chartered Institute of Personnel and Development (CIPD) also ascribe a central role in high performance working to changes in work organisation and particularly learning as key components of performance improvement but say that the success of these depends on the motivation of employees as individuals and trust developed at various levels within organisations.

Similarly recent work produced by John Purcell and colleagues at the University of Bath focuses on the key role of work organisation in recent work undertaken for the CIPD⁴. Where the CIPD refers to willing contribution, willingness to learn and willingness to change, Purcell differentiates between the importance of organisational citizenship (going the extra mile) and discretionary behaviour, the willingness to innovate and make decisions as part of the job, driven by the ability, motivation and opportunity of the workforce to participate. Though the words are different, they explore much the same territory.

High performance work practices

High performance work organisations are characterised by their use of a wide range of high performance work practices (HPWPs). Mark Thompson's recent report for the Society of British Aerospace Companies identifies over thirty such practices, falling into three distinct but related groups:

- high involvement practices, which create greater opportunities for employee involvement;
- human resource practices, which help build skill levels, motivation and ability;
- employee relations practices, which can help build trust, loyalty and identity with the organisation (2002: 17).

Ashton and Sung also summarise much of the evidence on high performance work practices when they suggest that the discussion should now move on from a debate about the relative merits of individual practices and consider the dimensions around which high performance work organisations are created and sustained. They present four dimensions or bundles of practices concerned with:

- work design/employee involvement (eg multi-skilling, quality circles, TQM, teamworking, self-directed teams);
- support for performance/training (eg annual peer/360-degree appraisal, personal development plans, job rotation/cross training, mentoring, training for trainers);
- rewarding performance (eg group-based compensation, profit sharing, employee share ownership);
- communication and information sharing (regular individual/team meetings, consultative committees, staff attitudes surveys).

This analysis is closely related to, though not the same as another growing and compelling body of evidence (much of which has been sponsored by the CIPD) that

this work, researchers have identified three ways in which this occurs:

- through the use of good HR practice
- achieving the right 'fit' between business strategy and HR practice
- adopting specific 'bundles' of practices, as Ashton and Sung have done, which may vary according to the organisational context.

Many new forms of work organisation and other high performance work practices require increasingly decentralised and devolved decision making and the direct involvement of employees. Speaking for the trade union movement, the TUC broadly agrees with this analysis, stating that "the reason why these reforms work points to the importance of morale and the state of the relationships within a given workplace" (3). However in the customer focused world of the high performance work organisation, the TUC "rejects the notion... that an exclusive focus on individual employee involvement is a recipe for success" (4)⁵

In leading up to the introduction of the information and consultation directive, organisations and trade unions need to learn that informing and consulting with representatives is not the same as informing and consulting with the entire workforce. Building distinction and responsibility into the role of the representative will help sensitive issues regulate themselves, in the same way that they do in management circles, but more importantly free direct communication channels to deal with the individual and work related issues for which they were intended.

As the TUC states "representative participation and high performance go hand in hand". This is a view supported by the Employee Direct Participation and Organisational Change (EPOC) programme, undertaken by the European Foundation for the Improvement of Living and Working Conditions, that "confirm[s] the importance of employee and employee representative involvement in the regulation of direct participation in order to improve both the quality of the participation itself and its economic and social effects". Research based on a questionnaire survey of nearly 5800 managers in 10 European countries concluded that "Far from being a barrier to progress, it seems employee representatives are agents of change" (204)⁶.

Conclusion

The relationship between employee involvement and participation, the development of new form of work organisation and their contribution to improved organisational performance challenges employers, policy makers and social partners alike to find answers to some of the most intractable questions for aspiring high performance workplaces, businesses and economies.

In response to the DTI discussion document "High Performance Workplaces: The role of employee involvement in a modern economy", the IPA comments that "coping with change in a global economy requires new forms of work organisation which actively challenge the role of managers, demand job redesign, teamworking and leave little option other than for employers and employees to become engaged and involved" (4)⁷.

Notwithstanding the important role of new technology and innovation, direct involvement and representative

organisation and essential tools in establishing, firstly, the trust and secondly, the cultural change and continuous learning required of truly high performance workplaces.

¹ High Performance Workplaces: The role of employee involvement in a modern economy, (2002: 13).

² Ashton, D. N. and Sung, J. (2002) Supporting Workplace Learning for High_Performance Working, (International Labour Organisation), 73.

³ OECD, (2001) The New Economy: Beyond the Hype, (Paris: OECD).

⁴ Sustaining the HR and performance link in difficult times, a research summary presented by John Purcell, School of Management, University of Bath, presented at CIPD conference in October 2002.

⁵ TUC submission on the Government's discussion document, (December 2002) available from <http://www.tuc.org.uk/law/tuc-5866-f0.cfm>.

⁶ New forms of work organisation. Can Europe realise its potential? Results of a survey of direct employee participation in Europe, (1997), published by European Foundation for the Improvement of Living and Working Conditions.

⁷ Towards the high performance workplace: The IPA's response to the DTI's consultation paper, December

2002, and available from the partnership at work website at: <http://www.partnership-at-work.com>.

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