

High Performance Working: Case Studies Analytical Report

Evidence Report 21
May 2010

High Performance Working: Case Studies Analytical Report

May 2010



Foreword

Launched on 1st April 2008, the UK Commission for Employment and Skills is a key recommendation in Lord Leitch's 2006 review of skills *Prosperity for All in the Global Economy: World Class Skills*. The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Its ambition is to benefit individuals, employers, government and society by providing independent advice to the highest levels of the UK Government and Devolved Administrations on how improved employment and skills systems can help the UK become a world class leader in productivity, in employment and in having a fair and inclusive society.

Research and policy analysis plays a fundamental role in the work of the UK Commission and is central to its advisory function. In fulfilling this role, the Research and Policy Directorate of the UK Commission is charged with delivering a number of the core activities of the UK Commission and has a crucial role to play in:

- assessing progress towards making the UK a world-class leader in employment and skills by 2020;
- advising Ministers on the strategies and policies needed to increase employment, skills and productivity;
- examining how employment and skills services can be improved to increase employment retention and progression, skills and productivities;
- promoting employer investment in people and the better use of skills.

We will produce research of the highest quality to provide an authoritative evidence base; we will review best practice and offer policy innovations to the system; we will undertake international benchmarking and analysis and we will draw on panels of experts, in the UK and internationally, to inform our analysis.

Sharing the findings of our research and policy analysis and engaging with our audience is very important to the UK Commission. Our Evidence Reports are our chief means of reporting our detailed analytical work. Our other products include Summaries of these reports; Briefing Papers; Thinkpieces, seminars and a Research and Policy Convention. All our outputs are accessible in the Research and Policy pages at www.ukces.org.uk

This Analytical Case Studies Report is one of the four research components of the UK Commission's skills utilisation project, which is looking at how the use of the High Performance Working (HPW) approach can help to ensure skills are better used in UK workplaces. We hope you find this report useful and informative in building the evidence we need to achieve a more prosperous and inclusive society.



Professor Mike Campbell
Director of Research and Policy



Lesley Giles
Deputy Director and Head of Research

Table of Contents

Foreword	iii
Table of Contents	v
Table of Figures and Tables	vii
Acknowledgements	1
Executive Summary	3
Introduction.....	3
Drivers of HPW	4
The experience of adopting HPW.....	4
HPW in practice.....	5
The core practices of HPW.....	6
Views on implementation.....	6
Impact.....	7
Lessons for employers and policy makers	7
1 Introduction	9
1.1 Background to the study.....	9
1.2 Existing case study literature	17
1.3 Aims and objectives	21
1.4 Methodology	23
1.5 Overview of the case studies	23
1.6 Outline of report	26
2 The adoption and implementation of HPW	27
2.1 The role of leaders and line managers	28
2.2 The role of the business strategy	33
2.3 The role of the Human Resource function.....	35
2.4 The role of structural change	41
2.5 The role of employees.....	42

2.6 A structured approach to HPW	42
2.7 Consistency of application.....	44
2.8 Lessons to learn	46
3 HPW in practice	49
3.1 Overarching approaches.....	49
3.2 Key practices.....	54
3.3 The importance of bundling HPW practices	62
3.4 Lessons to learn.....	67
4 Impact of HPW	69
4.1 Line managers' views on the overall HPW approach.....	69
4.2 Managers views on processes.....	73
4.3 Employees' views on HPW	75
4.4 Staff representatives views on HPW	80
4.5 The outcomes of HPW	82
5 Conclusions.....	86
5.1 Emerging themes	86
5.2 HPW practices: what works best.....	88
5.3 Lessons for employers and policy-makers	92
Annexes.....	94
Annex 1: Research questions.....	94
Annex 2: Selection criteria for case studies	95
Annex 3: Size and sectoral spread of the 12 case studies.....	96
Bibliography.....	97
List of previous publications	100

Table of Figures and Tables

Figures

Figure 1.1: People management, HRM, and organisational effectiveness	11
Figure 1.2: The 4A model of HPW capability	13
Figure 1.3: four 'quadrants' of activity (or the 4'As')	14
Figure 1.4: High-involvement work systems: an integrative research framework.....	15
Figure 3.1: Bundling and incidence of HR practices among case study organisations	65
Figure 6.1: The core practices of HPW	90
Figure 6.2: Steps towards a HPW system	93

Tables

Table 1.1: Typology of HR attributions.....	12
Table 1.2: Introduction to the 11 case studies	24

Acknowledgements

This report has been produced as one project amongst a number as part of the UK Commission's Skills Utilisation project.

The authors of this Case Studies Analytical Report included Dr Penny Tamkin, Alexandra Albert, Dr Benjamin Reid, Laurence Hopkins and Laura Blazey at the Work Foundation and Dr Vicki Belt and Katerina Rüdiger at the UK Commission for Employment and Skills.

A number of individuals have also made important contributions to the work who we would like to particularly acknowledge and thank:

- The Project Advisory Group (PAG) that included the following individuals from the UK government and the Devolved Administrations: Victor Dukelow, Dr David Campbell, Euan Dick, Colin Baird, Alison Reese and Mark Langdon.
- The Project Stakeholder Group that included individuals from the wider community of practice in this area such as the Chartered Management Institute (CMI), the Chartered Institute of Personnel and Development (CIPD), the Involvement and Participation Association (IPA) or the Advisory, Conciliation and Arbitration Service (ACAS).
- Lesley Giles, Katherine Chapman, Richard Garrett and Abigail Gibson in the Research and Policy team at the UK Commission have input into a range of aspects of this project.

Dr Vicki Belt
Research Manger

Katerina Rüdiger
Policy Analyst

Executive Summary

Introduction

This evidence report is a key output from the Skills Utilisation project led by the UK Commission for Employment and Skills. This project has looked at how High Performance Working (HPW) can help to ensure skills are better used in UK workplaces. In the report HPW is defined as **a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment to achieve high levels of performance.**

The report builds on the knowledge gained from existing research to explore the implementation of HPW through the experience of eleven case study organisations. Specifically, the study tests the suggestion in recent literature that the interpretation of HPW by line managers, and the experience and perceptions of employees are vital in the translation of HPW to business benefits.

Literature in the field shows that HPW systems are crucial to success, yet organisations often struggle to understand how to implement them. Although there is a widespread recognition in the academic literature that strategic alignment of bundles of HPW practices is key, what actually happens within organisations does not always reflect this.

Case studies are an obvious means to understand in real-life the adoption of HPW, and explore what influences the beliefs and actions of managers in different circumstances. Case studies also enable us to explore how plans fare in practice and to see the results of the adoption of different practices or systems. They also help us to understand what influences the behaviour of managers and Human Resources practitioners, what determines success, what problems are faced and how they are overcome and how the 'story' of HPW is told and heard in different contexts.

Specifically, this research set out to: understand how decisions by employers to engage with HPW are made; how managers and leaders shape and influence practice; to explore the practices themselves and how they affect the experience of work; and to identify barriers to the take-up of HPW and how they are resolved.

Drivers of HPW

The findings strongly suggest that the importance of **leaders** in making HPW the approach of choice is critical. The willingness and desire of leaders to make a difference, to produce excellence and to do this through people, are the hallmarks of HPW. Human Resources (HR) colleagues and operational managers then help to put these ambitions into practice, a process that can be greatly assisted by a coherent HR strategy. HR functions can help in a range of ways but especially in terms of helping to resolve problems and issues in people management, building the right organisational culture and supporting the business strategy.

New business strategies were also important drivers for change in many of the case study organisations. Further down a chain that stretches from strategy to practice, shifting structures can themselves help drive the implementation of HPW, especially when organisations seek to create greater flexibility of response (which brings new demands in terms of skills and empowerment). Other key drivers at the more ‘tactical’ end of the chain include a need to deal with specific issues and problems that organisations may be facing. These include poor employee relations, high levels of competition, trying to secure and retain talent, and cost pressures.

The experience of adopting HPW

The organisations we have studied were operating within a declining economic climate, but rather than reduce their commitment to HPW, this situation seems to have strengthened their resolve as organisations saw HPW as a means to survive and even prosper.

For the smallest organisations, a key transition in becoming larger was the need to make HPW policy and practice explicit. This more structured, formal and ‘bureaucratic’ approach might be thought to stifle flexibility and creativity, but what is much less frequently publicised is the positive role of a structured approach in creating clarity, and in supporting line managers to behave with some consistency across a larger organisation.

The issue of consistency emerged as a key challenge more generally. A lack of consistency with regards to the application among managers can be highly detrimental and can cause distress amongst employees: a problem especially in larger organisations in which consistency is difficult to achieve. What helps to achieve consistency are vision, values and vigorous communication, which work to set clear expectations across the organisation.

Not surprisingly, leaders and managers are not only significant in the drive to increase take-up of HPW, but also in its implementation. It is their impact on the culture of the organisation that underpins the successful adoption of HPW. Similarly, the HR function is an important partner for the adoption of HPW. The function's pragmatic approach to creating helpful policy and practice can assist organisations cope with the nuts and bolts of implementation. Smaller organisations tend not to have significant HR resource and seek expertise elsewhere.

HPW in practice

Looking at HPW in practice we can see some overarching approaches. Chief amongst these is a **desire to create higher levels of engagement and empowerment** with communication an essential element of both.

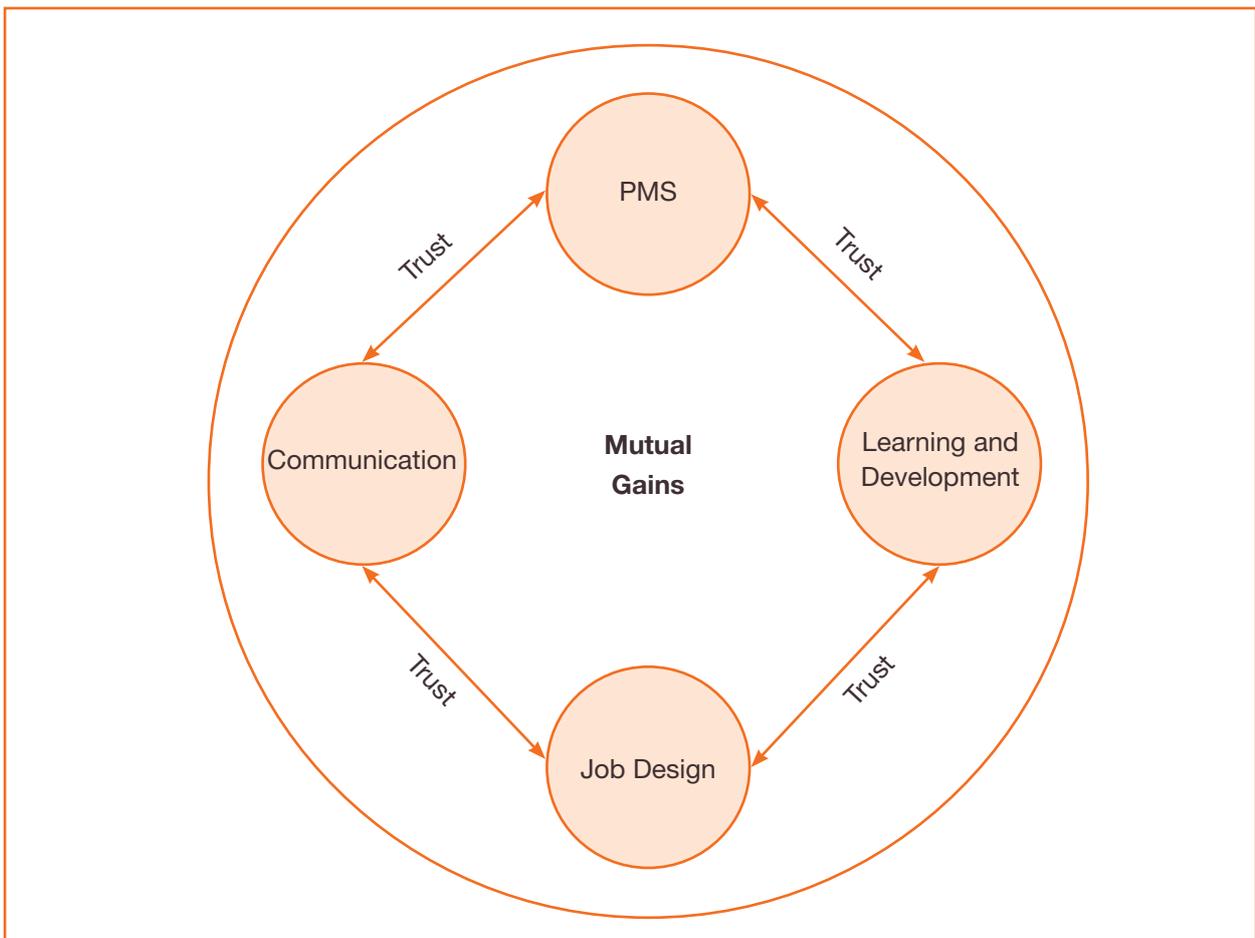
There are also **specific core practices** that are adopted by some organisations that are cornerstones to the implementation of HPW:

- 1. Performance management systems** were critical vehicles of HPW in a number of organisations. These provide data to individuals and feedback on their performance. Communication, consistency and engagement provide the elements of successful implementation of these systems.
- 2. Learning and development processes** were of specific significance in organisations seeking to enhance autonomy and capability across disparate and frequently low-skilled workforces.
- 3. Communication processes** were key to creating a climate of openness, trust and engagement.
- 4. Job design:** considerations of the scope and design of jobs were visible in several case studies as organisations sought to create flexible cultures and ways of working.

These practices are not derived in an ad-hoc manner but the result of strong drivers, individual circumstance and the use of core policies to drive change.

The interplay between these elements forms a coherent whole but adoption can start at any point (see the diagram below). **Each of our case studies focused on a particular block of core practice** as the initial vehicle to effect change. Over time other elements follow and are added to this core all within an environment of trust and mutual gains.

The core practices of HPW



Views on implementation

What is striking about the case studies was the **genuine support** of both line managers and employees for the organisation and its approach. Both groups showed appreciation of what was being achieved and the philosophy that underpinned it. Especially important were concepts such as trust, openness, empowerment and communication. Managers appreciated practices which impact on the clarity with which they can manage others and which enable them to grow and develop people. Employees valued openness and the ability to understand the challenges that confront the organisation. They also appreciated the trust and empowerment that enables them to ‘get on with their job’ without interference or restriction.

Impact

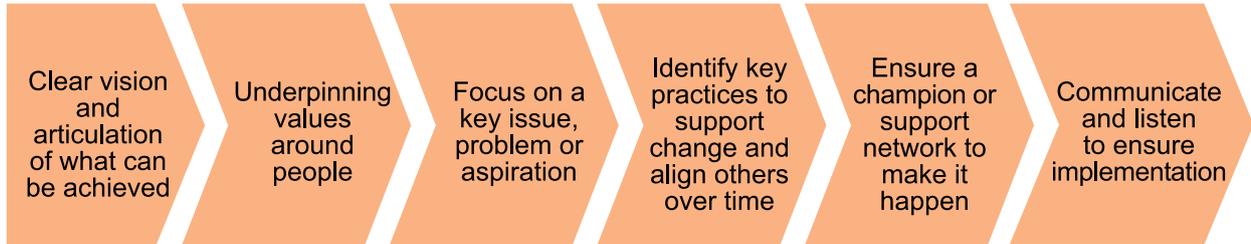
The case study organisations each reported **positive effects** from their engagement with the HPW approach. These positive impacts can be on performance – illustrated by the wide range of awards for excellence that several of our case studies had acquired. There was also evidence of higher levels of **employee engagement** and **employee capability**.

Lessons for employers and policy makers

There are some key steps to creating change and making sure it lasts:

- A **clearly articulated purpose** in many cases acts as a focus for the efforts of the entire organisation.
- A **sense of pride and achievement** is nurtured in the organisation hence a focus on customer and quality.
- **Openness and engagement** are key. There is a philosophy of mutuality, mutual gains and partnership running through these organisations and trust is a common thread.
- **Finding the core HR processes and practices** that can become real catalysts of change, and putting considerable effort into them. This is not about having to do everything all at once, but being clear about what is needed, and what key practices would help drive or reinforce change.
- **Making sure such practices are well designed, aligned and well implemented** is critical and all too often underplayed in organisations. The case study organisations were notable in the care they took to ensure that practices were carefully thought through and introduced. Once the basics are in place, it is important to ensure that new practices support what is there and begin to embed it.
- Core practices amongst the case studies were **performance management systems, learning and development, communication and job design**.
- Awareness of the importance of **line managers** in creating an environment where people can contribute and grow, and investment in them to allow that to happen.

There is no ‘magic bullet’ adopted by these organisations, no one thing that bought about success, and no first step that catalysed everything else. However, we can see that there are a number of generic steps that need to take place:



Getting this right produces real benefits for the organisation but also for those that work in it. It helps create places to work that are enjoyable, productive, innovative, customer focused and autonomous, with a strong sense of responsibility.

1 Introduction

1.1 Background to the study

The UK Commission for Employment and Skills has been charged by the four governments of the UK to lead a major project looking at skills utilisation and its impact on productivity and performance. Skills utilisation is concerned with maximising the contribution that people can make in the work place, and therefore how well people's abilities have been deployed, harnessed and developed to optimise organisational performance. What happens inside the work place is therefore crucial to skills utilisation. This is why a key focus of the UK Commission's work is on understanding how organisations can be successfully run to achieve High Performance Working (HPW).

HPW encompasses the bringing together and implementation of a number of practices in a holistic way to effectively manage an organisation. As such it must provide an important means to: stimulate businesses to review their business strategies; move up the value chain (i.e. by delivering higher value goods and services); raise their demand for high skills; reorganise their work; and by so doing improve skills utilisation in the workplace and, hence, firm performance. The study has therefore been concerned with HPW as a crucial means to achieve better skills utilisation, rather than seeing it as an end in itself. This report is one of four research components of the UK Commission's skills utilisation project. The report builds on the knowledge gained from existing research to explore the implementation of HPW through the experience of eleven case study organisations. Specifically, the study tests the suggestion in recent literature that the interpretation of HPW by line managers and the experience and perceptions of employees are vital in the translation of HPW to business benefits.¹ The other projects published in separate reports include: a synthesis of the literature on HPW; the development of a measurement tool to monitor future HPW take up and benchmark variations in employer practices in future (both have reported last year); and a Policy Review looking at the most relevant, core initiatives and support available to organisations in the UK to promote and assist in the adoption of HPW (published at the same time as this report).

This and other similar reviews of evidence in the field have generally concluded that there is considerable positive evidence pointing to the benefits of HPW for organisational performance, with associated improvements in sales, productivity and profit levels. There is also evidence to suggest that HPW can be a positive experience for employees too, providing higher levels of job satisfaction, autonomy and engagement.

¹ See the UK Commission for Employment and Skills website for further information at www.ukces.org.uk

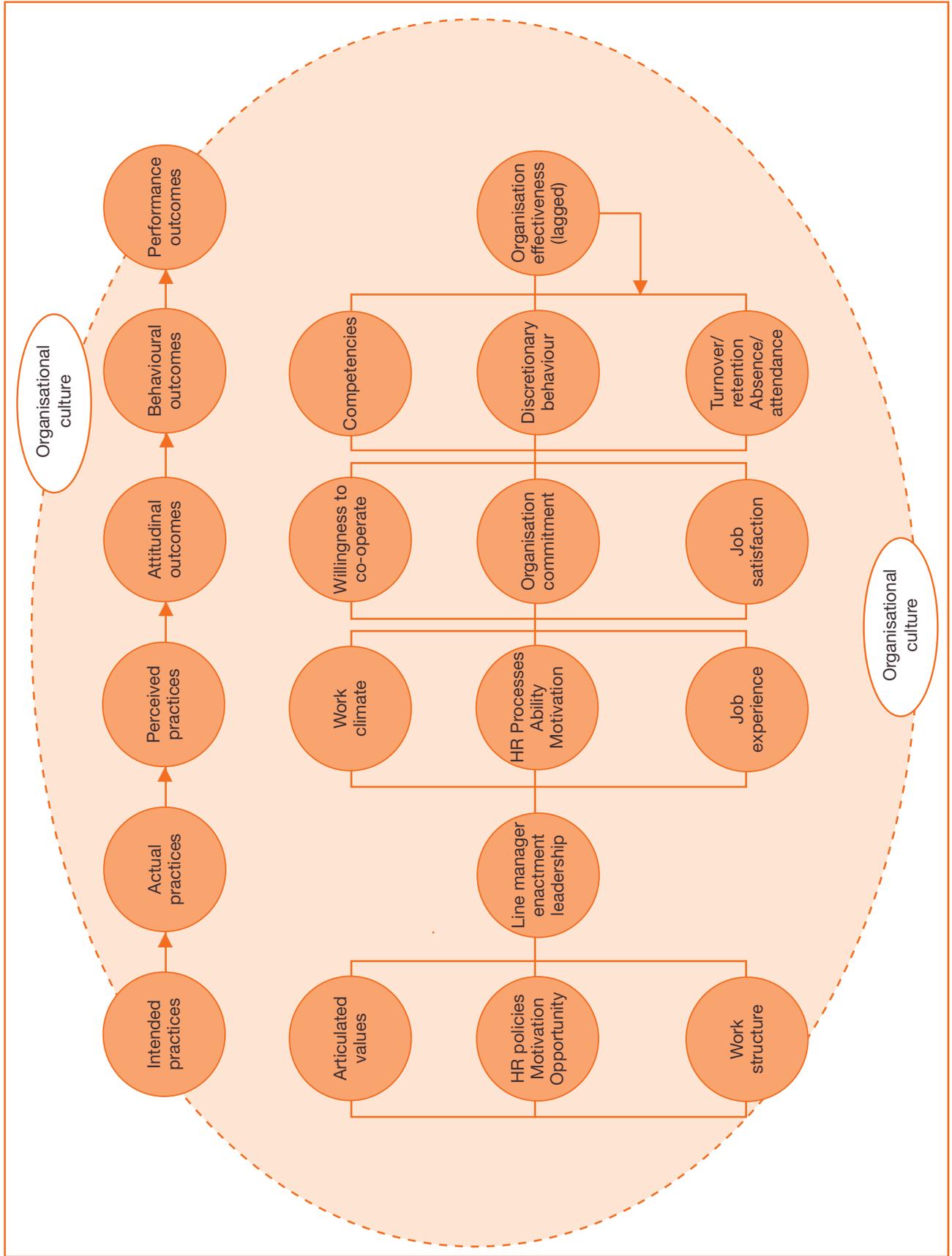
As noted in the UK Commission's synthesis of evidence, interest in HPW from both policy makers and academic researchers has grown in recent years. This has happened as HPW is increasingly viewed as a potential tool to help improve productivity and performance in the workplace, and thus to offer benefits to both employers and employees. This reflects a general shift in the policy debate from a focus on skills supply issues to a growing concern with *skill demand* and *skills utilisation* (the effective deployment of skills in the workplace).

The synthesis report also outlines some of the key areas of agreement and disagreement in the literature. Whilst there is little agreement on the *precise* definition of HPW or the *exact* practices it encompasses, commentators have tended to focus on common sets of practices in HR, employment relations, management and leadership and organisational development. With the recognition of the importance of context, commentators are also increasingly emphasising the *complexity* of HPW, acknowledging that it is not an end in itself, and that it needs to be outcome-oriented. The focus within the academic literature has also turned to understanding how HPW operates as a *system* within particular settings, rather than trying to identify common 'bundles' of practices. Elements of this debate on alignment and bundling of practices are of particular significance to this study.

There has also been growing interest in the literature on the details of implementation, in recognition of the possibility that poorly implemented HPW practices might actually undermine the discretionary effort and commitment they were designed to promote. As noted above, recent studies and commentaries have shifted the focus from looking at which specific HPW practices and combinations of practices are effective, to a concern with how HPW systems work. Previous research has shown that for HPW to be successful, a range of practices need to be in place and to fit together, as well as being tailored to the business strategy (see for example Purcell et al, 2003; EEF and CIPD, 2003). This body of work suggests that HPW is a complex concept that exerts positive effects through a holistic interplay of systems and processes. It is this combination that is the key to performance enhancement in organisations. There is a growing interest in research therefore in the internal workings of organisations and how exactly HPW exerts influence.

In looking to enhance understanding of this, recent conceptualisations of the HPW paradigm have placed *interpretations* of practices at the centre of positive impact. In other words, between the practices themselves and employee/organisational outcomes, there are a range of steps involving line managers and other players in the employee relationship. A number of models and frameworks have attempted to depict this 'chain of effect': The starting point for one influential model, developed by Purcell and Kinnie (2007) is the 'HR causality chain', which attempts to explain the processes/mechanisms by which intended practices impact upon behavioural outcomes. A diagram of this model is included overleaf:

Figure 1.1: People management, HRM, and organisational effectiveness



Source: Purcell and Kinnie (2007)

This model acknowledges the importance of line-managers; the wider context of the HR system including: culture (i.e. embedded assumptions and shared values); climate (i.e. shared perception of what the organisation is like); and operational strategies (e.g. in terms of impact on job tasks, variety, staffing levels) in achieving organisational effectiveness.

Nishii et al (2008) in their ‘Employee Attribution Framework’ model also consider the importance of employees’ interpretation of why particular HR/HPW practices exist. The core idea in their research is that employees respond attitudinally and behaviourally to organisational practices based on attributions they make about management’s purpose in implementing the practice. They have developed a typology of attributions, which is outlined in the table below.

Table 1.1: Typology of HR attributions

Internal Attributions			
	Business/Strategic Goals underlining HR	Employee- orientated Philosophies	External Attribution
Commitment- focused	Service quality	Employee well-being	Union compliance
Control-focused	Cost reduction	Exploiting employees	

Source: Nishii et al (2008).

The model we have also used for our other projects elements of our skills utilisation research project is the 4A model as it covers core management and business practices used across a wide range of studies (Belt and Giles 2009). It is therefore a comprehensive model, capturing a sufficiently broad perspective of HPW. The 4A model seeks to capture the wide range of influences on organisational capability in addition to individual skills. To do this, it identifies two key dimensions of capability in the workplace. The first dimension ranges from the *development* of capability at one end to its *deployment* at the other. The second dimension explores the roles of *individuals* at one end, to organisational-wide factors at the other. In this way, the model shows that the capability of the workforce, and, in turn the organisation, is dependent not only on the recruitment, and hence resourcing, and development of skills, but also on the way in which these skills are managed and *utilised*.

Figure 1.2: The 4A model of HPW capability



Source: Tamkin et al, SSDA, 2004.

The intersection of the two key dimensions leads to four ‘quadrants’ of activity (or the 4’As’):

Figure 1.3: four ‘quadrants’ of activity (or the 4’As’)

Access – the effective *resourcing* of roles in the organisation in terms of initial recruitment, ongoing job moves and succession activity. The focus here is on deliberative organisational activity including policy and practice.

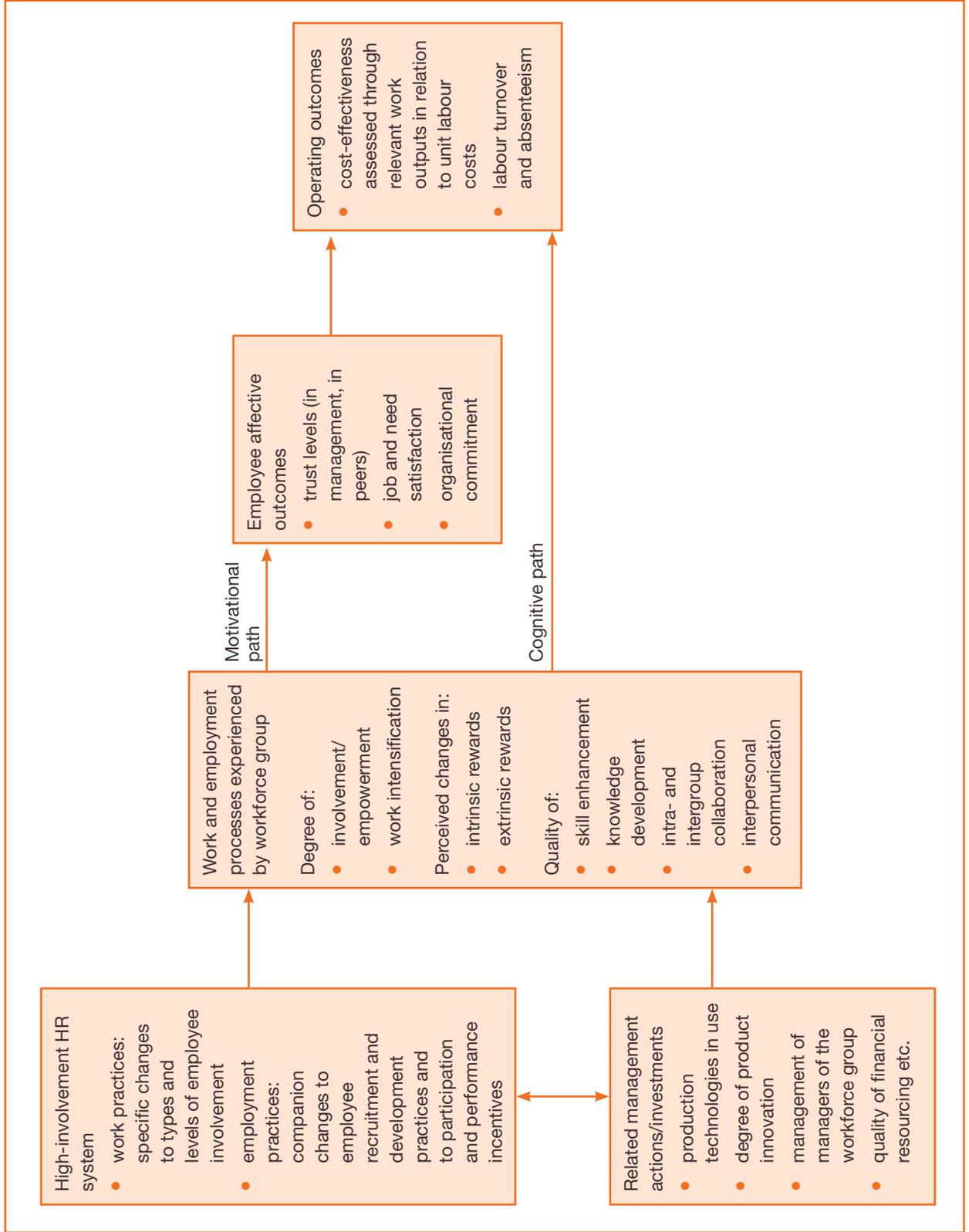
Ability – the skills and abilities of the workforce. In essence, the quality of people that the organisation has at its disposal, and the ongoing development *activity* of those individuals which maintains and further develops their capability.

Attitude – it is clear that skills are not the totality of what makes people do an excellent job. There is also the *engagement*, motivation and morale of the workforce and the meaning they find in work, their beliefs about the workplace and their willingness to put in additional effort. Important aspects of this thus include the means to achieve employee involvement and develop shared values and a strong organisational culture, climate and identity.

Application – the opportunities made available to individuals to apply themselves to changes in the market and business strategy and hence to *deploy* their skills more effectively in the work place. This is the key engine of the model, where decisions are taken about what products and services to supply and what strategies are necessary to develop them – this provides a driver for skills demand. It recognises that people need an appropriate working environment to prosper provided through information, job design, technology, organisational structure, operational processes and leadership and business strategies. Whilst management and leadership might be a key feature here, it also marbled throughout other areas of the model.

The HPW ‘Capability’ of the organisation is at the centre of a chain of impact. Inputs to the chain exist in the form of a range of HPW practices which seek to capitalize on the abilities and commitment of the employees within the organisation. Capability seeks to positively impact on the quality and effort that employees put into their work (not least their effective utilisation), and in turn a range of performance outputs such as production times, customer satisfaction, productivity, and, ultimately, wider performance outcomes – thus it seeks to maximise the financial and business returns to an organisation.

Figure 1.4: High-involvement work systems: an integrative research framework



Source: Macky and Boxall, 2008.

All these models place much greater emphasis on seeing HR practices as part of a more systemic whole, and specifically explore the process of implementation and employee perceptions of practices.

Similarly, the model developed by Macky and Boxall (2008) (see figure 1.4) suggests that HPW (or in their terms, 'high-involvement HR systems') and related management actions/investments impact on outcomes via processes experienced by the workforce. These processes affect organisational outcomes directly through a 'cognitive path', and indirectly through a 'motivational path'.

The role of line managers has also been recognised as increasingly important in HPW literature. It is agreed that line managers play a key role in the interpretation and implementation of HR policy and practice, and they have also been identified as a key intervening variable in workplace climate (see Barber et al, 1999; Purcell et al, 2003). Others have also noted the important role played by HR managers (see Philpott, 2006; Boselie et al, 2005).

Despite the evidence of its positive impact, the take-up of HPW is relatively low in the UK at present. Research has suggested some reasons for this, pointing to factors such as a lack of knowledge amongst managers, doubts about the benefits of HPW, as well as a culture of short-termism amongst British management (see Guest, 2006; Tamkin et al, 2008). Philpott (2006) suggests an 'implementation gap' caused by a combination of: ignorance (i.e. some employers are likely to be unaware of HPW as a concept, or of the benefits of the approach); doubts regarding the benefits or reluctance to engage in the risk of changing existing practices and approaches; and, finally, an inability to change because of a lack of capability, employee resistance or regulation. Work by Guest et al (2001) also suggests a general scepticism about HR policies and practices in UK workplaces. Tamkin et al 2008 (*op cit*) have also noted that many UK employers 'do not find the evidence base [for HPW] either accessible or compelling, and even if they are convinced, struggle to understand how they might apply, measure and monitor such practices in their workforce' (2008: 3).

This suggests that the application of HPW is a substantial barrier in itself, with managers showing a degree of reluctance to adopt the model for a range of reasons. More fundamentally, perhaps, HPW may be deeply counter-cultural to those organisations in which a more traditional 'command and control' approach dominates, or where there is a lack of trust between employer and employee.

1.2 Existing case study literature

Exploration of the detail of the adoption of HPW has been of interest previously and there have been a small number of studies that have sought to gain insights through detailed case studies. However, despite the proliferation of research on HPW, a literature review by Butler et al (2004) concluded that in general ‘there remains far too little case study data’ making it difficult to explore HPW on a sector by sector basis.

It should be noted that the differences between business models and strategic objectives that exist both between sectors and companies within sectors means that there is not a uniform approach to the adoption and implementation of HPW that constitutes ‘best practice’ for all. However, a case study approach can be useful in providing detail on the diverse ways in which HPW is implemented according to the specific aims and objectives of different organisations, as well as what high performing organisations actually look like.

Existing case study research **has helped provide more detail on the specific relationship between HPW and performance.** Early research on HPW often concentrated on establishing a correlation between the number of HPW practices and performance without identifying the direction of the relationship, or *how* HPW practices are specifically tied to organisational improvements. Case study research has therefore sought to explore this ‘black box’, and has found that HPW practices are more effective when grouped together in ‘bundles’ (Sung and Ashton, 2002). Sung and Ashton (2002) provide the example that isolated use of quality circles is not as effective in producing results as when the practice is supported by wider employee involvement and empowerment practices. Sung and Ashton (2005) also found that the effectiveness of bundles varies across different sectors, and Purcell et al (2003) found that specific practices have more impact on specific groups of employees. For example, for team leaders the relationship with their line manager, the openness of the firm and career opportunities and training are most important, while the most important practices for professionals are job challenge, performance related pay, management and leadership and work-life balance (Purcell et al, 2003).

Purcell et al’s (2003) research also found that there can be ‘non-negative’ effects of good HR practices. A case study of the building society Nationwide for example found that employee perceptions that managers respond to suggestions, deal fairly with employees and solve day-to-day problems does not have a significantly positive impact on performance but, if not present, this has a negative impact.

The importance of good implementation of HPW is highlighted throughout the case study literature, and this is as much about communicating, involving, counselling and guiding as it is about designing robust, formal policies. Case studies help identify the real challenges to implementation as well as identifying how to best implement practices. One of the main findings of Purcell et al's (2003) research was that **good front-line leadership is 'critical'** in implementing HPW. Purcell et al's (2003) analysis also highlights how the high level of discretion usually present in managers' people management practices can result in high levels of variability of HR policy implementation.²

The authors conclude that: 'The strength of the frontline leadership variable is such that the importance of the line manager is clear'.³ The report identifies four different aspects of front line management of people that are most important:

- How and if line managers put HR policies into action (Implementing)
- The way in which the line manager enacts policies (Enacting)
- The interpersonal skills involved with people management (Leadership)
- The level of trust or control that is given or employed by the line manager to employees in implementation and practice (Control)

Sung and Ashton's (2005) research also highlights the **important role of leadership**, not only at line manager level but also at senior level to create and drive high performance organisations. Purcell et al (2003) argue that organisations that successfully implement and use HR practices to generate a performance advantage are normally aided by a 'Big Idea' that frames the change proposition. They emphasise that: 'Values and the way the Big Idea are transmitted are important features of the organisation'. These Big Ideas can be a single word such as 'Quality' (Jaguar) and 'Mutuality' (Nationwide) or a values statement such as 'Customer facing culture' (Tesco) or 'Aspirational, friendly and bold' (Selfridges) (Purcell et al, 2003). The authors conclude that the Big Idea helps explain the strength of organisational commitment and how individual policies and practices linked to these values are strongly associated with motivation and job satisfaction (Purcell et al, 2003).

² Purcell et al's (2003) case study of Tesco is a useful example of how even companies seeking consistency and that are highly standardised can still have variable implementation of HR practice and employee perception of these. This in turn affects employees' willingness to go 'beyond contract'.

³ For example, at Royal United Hospital in Bath job satisfaction increased from 45% to 62% following the implementation of HPW practices and 89% were satisfied with line managers. At Selfridges an increase in attitudes towards HR policies (70% happy to 88% happy) led to significantly improved job satisfaction; loyalty, value sharing and pride in talking about the company also improved significantly.

Case studies also **offer qualitative depth on the processes and experiences** that companies have had in implementing HPW policies and practices. Sung and Ashton (2005) found that in high performing organisations, training and development is linked to performance rather than quantity, and that 'learning' is a constant and part of normal work rather than seen as a discrete activity. Interestingly, though, case study research on HPW by the Wales Management Council found that none of the organisations involved in the study actually thought they were using HPW practices or had consciously implemented them, rather they had just done 'what seemed natural' (Stevens, 2007). This lack of consciousness about the paradigm of HPW is also found in other case study research too, although not to the same extent (Sung and Ashton, 2005).

Most previous case study research has focused on organisations that have implemented HPW successfully. However, Danford et al's (2004) case study of 'Jet Co', a pseudonym for a British aerospace manufacturer, focused on a case of unsuccessful adoption. This study found that the introduction of HPW systems and workplace partnerships had resulted in a democratic deficit in workplace decision-making and deterioration in the quality of working life. The authors argue that the HPW practices had undermined employee control over skills and job tasks and that a lean staffing regime 'weakened employees' sense of job security, skill utilisation and stable work identity'. The authors identified the failure of line managers to adequately implement the changes despite enthusiasm among senior managers. The research also highlighted the lack of trust that existed prior to implementation, influenced by historical relationships, which led employees to regard the agenda as 'superficial and bogus'. This research reinforces the point that front-line management is vital to implementation, and shows that gaining buy-in and trust throughout the organisation must precede adoption of HPW. It also shows the need for learning about what works from cases of successful adoption.

However, most existing case study research provides support for a positive link between HR practices and performance as well as employee motivation, commitment and satisfaction. Sung and Ashton's (2002) significant study for the International Labour Organisation found evidence that HPW increases competitiveness and economic performance, increases productivity and provides more satisfying and higher paid work for employees.⁴

⁴ The publication examines the incidence and effectiveness of HPW in a range of countries in Asia, Europe and North America, with additional cases from South Africa, Barbados and Bahrain.

Other findings from case study literature include:

- Purcell et al's (2003) research found clear evidence of the link between positive attitudes towards HR policies and practices and satisfaction, motivation and commitment.
- A case study of the British aerospace industry found a strong positive relationship between the HPW index and sales and value-added (EEF, CIPD, 2003). The research also found that giving a stake in the business is particularly effective; companies that used profit sharing and share ownership in 1997 correlated with higher sales per employee and higher added value (EEF, CIPD, 2003).
- Sung and Ashton (2002, 2005) found that HPW practices create sustained performance improvements in organisations and create a better workplace in terms of satisfaction and sense of personal achievements. These outcomes translate into higher levels of financial performance, sustained competitiveness and innovation.
- Sung and Ashton (2005) also found that training and development provides benefits in increased commitment, motivation, loyalty as well as direct performance benefits through increased skill levels. The analysis of ten case studies also found that in most cases HPW practices created high performing organisations, as opposed to the other way around.

Some commentators in the field of HPW research have criticised research for focussing too heavily on the benefits of the approach to organisations rather than to employees, challenging the 'win-win' assumption inherent in some research (i.e. the view that both employers and employees gain from HPW) (see Ramsey et al, 2000; Lloyd and Payne, 2004). However, Sparham and Sung (2007) note that **what is important is how HPW is implemented**, specifically highlighting through their research for example that attention to intrinsic job satisfaction makes a fundamental difference to the success of HPW from the point of view of employees.

In summary, the existing case study literature suggests a number of key findings:

- The role of management and leadership in implementing change is vital (particularly at line management and senior levels).
- A strong and well-articulated purpose or guiding principle is needed to successfully implement and sustain HPW.
- HPW plays a key role in enabling discretionary behaviour from employees. To achieve this, gaining buy-in and trust from employees is crucial, as is a focus on job satisfaction.

The research findings discussed in the rest of this report build on insights from this previous work. A differentiating factor of our study is the **focus on the practicalities** of implementation of HPW practices, and also **emphasis on how decisions around adoption and implementation are taken**. Using case studies we explore in detail how theory and assumption play out, and are influenced by chance and circumstance. In doing so, the report contributes to the understanding of HPW in UK organisations, focusing on what works in implementation and the role of leadership, HR and other key players.

1.3 Aims and objectives

The literature on HPW, as we have seen, has shown a number of distinct shifts in beliefs and theories, each of which has potentially deepened the complexity of HPW adoption for organisations. The shift in emphasis from individual practices to systems has been noted as potentially one of the reasons for relatively low adoption (Guest and King, 2004). While this might make sense in theory, many organisations struggle to understand how to implement complete systems. Furthermore, the fact that employee perceptions are so important adds further complexity. Case studies are an obvious means to understand how the adoption of HPW reflects this complexity and a way of exploring what influences the beliefs and actions of managers in different circumstances. Case studies also enable us to explore how plans fare in practice, to see the results of the adoption of different practices or systems, understand what influences the behaviour of managers and HR practitioners, identify what determines success, and how the 'story' of HPW is told and heard in different contexts.

The overarching objective of the case studies undertaken for this report was to **generate greater understanding of how HPW is adopted and its impact within organisations, and to identify examples of good practice**. Specifically, the research sought to:

- Describe in detail the high performance initiatives that have been adopted in different contexts and how these form systems and interact with each other.
- Understand how the decision to implement HPW practices was made and who were the key players.
- Examine how managers shape and implement HPW practices.
- Set out how these initiatives and practices have affected the performance of the organisations studied, specifically how high performance working has led to better employee skill utilisation.

- Identify any barriers or problems organisations/managers faced when implementing high performance working and how these were tackled/overcome.
- Provide case studies to illustrate the realities of HPW (the successes as well as the difficulties) which could be used to provide a business case to employers (a specific report targeted at employers has also been produced and is available on the UK Commission's website).

More detail on the research questions can be found in Annex 1.

Furthermore, this project has sought to add value to the existing research by looking at a number of issues that have been neglected in the research in this area until now.

- Firstly, the **external resources** that organisations have made use of in implementing HPW have been under-explored. Organisations are (sometimes rightly) suspicious of 'off the shelf' consultancy solutions, but some forms of external support may be extremely useful, especially for smaller organisations or when brokered from an independent source. Under what circumstance has support has been used successfully?
- Secondly, another message that has been underplayed in previous research is that organisations need to capitalise on the **complementarities** between different components of HPW. In some cases, this may lead organisations to 'cherry pick' elements of HPW that are regarded as easiest to implement or most relevant to their circumstances, but case study research has yet to test out some of the findings from survey research on how and why organisations select particular HPW practices, and what the consequences of selective implementation are.
- Thirdly, literature has often been silent on **where to start** with HPW implementation which may make it daunting for organisations contemplating overhauling or initial implementation of a raft of different practices.
- Fourthly, job quality and work organisation are a recurring theme in much of the recent literature, but the debate about **job design** has mostly been equated to team working rather than in the development of HPW systems, as the debate about job design has mostly been equated to team working. How much does this matter for successful HPW?
- Lastly, the voluminous literature on the role of line managers in implementing HPW continues to show that consistency of application remains a major challenge for organisations. It is important to consider the **processes by which line managers are engaged in the application of HPW** and in particular whether the management of line managers themselves affects how they apply HPW.

1.4 Methodology

We have undertaken eleven case studies, examining organisations in all four nations across the UK. Case studies were carefully chosen using a broad range of criteria to ensure that they were able to represent different sectors, strategic positioning and regional locations (see the full list of selection criteria in Annex 2).

For each case study a range of stakeholders were interviewed including senior managers, HR managers, line managers, employees and employee representatives. This allowed us to explore in-depth the uptake of HPW practices, including the details of how those practices were adopted and implemented and the context within which they operated. Indeed, talking to people at all levels allowed us to obtain a fully rounded picture of the organisation.

All case study visits took place between January and August 2009. They constituted a series of interviews and focus groups over two days. In addition we worked with two other organisations to gain a wider management perspective:

- The Chartered Management Institute contacted their Chartered Managers, and as a result facilitated contact with a small sample of chartered managers through interviews and a short survey to explore their views on people management philosophy and activity.
- The TUC arranged a focus group with trade union representatives from a wide range of sectors to discuss high performance working and the trade union experience and perspective.

1.5 Overview of the case studies

The table below provides an overview of the eleven case studies which were explored for this report.

Table 1.2: Introduction to the 11 case studies

Case studies	Who they are
ACCA (Association of Chartered Certified Accountants)	A not for profit global training, development and membership body for professional accountants. ACCA has around 860 employees spread across three buildings in London and one in Glasgow. They also have a global presence in 30 non-UK countries.
Autoglass	A UK based windscreen repair and replacement business part of the Belron group of companies. Some 2,200 employees based at the Head Office in Bedford and 109 branches throughout the UK.
Content and Code	A service-based software supplier formed in 2001 by its two directors, grown rapidly since then and now with 67 staff based in London.
firmus energy	Transmits, distributes and sells Natural Gas. A small and growing company with 58 employees set up in 2005. firmus energy is a subsidiary of Bord Gais and is based in Northern Ireland.
gem	Established in 2000, a privately owned outsource contact centre based in Belfast, Londonderry, and Debrecen in Hungary. There are around 700 employees with the large majority in Belfast.
Macphie of Glenbervie	Established in 1929 and based on the family's 2,000 acre estate near Aberdeen. The third largest food manufacturer in the UK concentrating primarily on producing complex raw ingredients.

Table 1.2 (continued): Introduction to the 11 case studies

Case studies	Who they are
Merseytravel	Based in Liverpool, Merseytravel is the transport authority for the Liverpool area responsible for transport planning and maintaining and developing the transport infrastructure. It has just under 1000 employees.
Pilot Drilling Control	Started in 1991 by the Managing Director to combine both design and manufacture of specialist drilling equipment to the oil and gas industry. It has grown to 25 staff members, with a financial turnover of £2million. Last year the company was sold to a US corporation.
United Welsh Housing Association	A Registered Social Landlord, providing affordable housing and services mostly based in Caerphilly, Blaenau Gwent and Cardiff. They have existed in their current form for about 20 years. They employ some 70-80 people in the Head Office in Caerphilly with small numbers elsewhere.
West Lothian Council	The Council came into being 13 years ago following the merger of three local authorities. The Council is a unitary authority, providing a wide range of services via three major directorates and employs 8,500 people.
Wychavon District Council	A local authority based in Pershore, Worcestershire covering 260 square miles of mostly rural area, and responsible for housing, parks, sports, arts, planning permission, environmental health, waste collection and recycling and street cleaning. It has 332 staff.

For further details on size, sector and location of case studies see Annex 3.

1.6 Outline of report

The remainder of this report will start by exploring what drives organisations to adopt HPW and what the critical factors for implementation are. We will then look at how HPW operates in practice, exploring the practices themselves and finally we will look at the impact of HPW both on the perception of managers and employees as well as performance. Alongside this analytical report we will also publish a report detailing the case studies which is aimed at employers (this report can be accessed on our website <http://www.ukces.org.uk/>)

2 The adoption and implementation of HPW

The implementation of HPW is fairly well-documented in the existing HPW literature, but there is much less evidence on what it is that encourages an organisation to begin to engage with the practices that constitute high performance working in the first place, in other words, we know little about the **drivers** of HPW.

In their synthesis of the HPW literature, Belt and Giles (2009) suggest that the adoption and implementation of HPW is affected by a number of factors: firstly, **leadership and line management** is regularly highlighted as vital to the take up of HPW. Leaders need to engage in a process of continuous change to ensure that strategy and practice remains aligned over time (Ashton and Sung, 2002). CIPD research (2003) strongly suggested that a 'big idea' or clear mission for an organisation, underpinned by strong values and culture was critical for successful adoption.

Secondly, the alignment between HR practices and the **broader strategy** that an organisation adopts are crucial to making HPW work. Becker (2001) for example argues that organisations should undertake an 'alignment process' to ensure that HPW practices and business strategy fit and are mutually reinforcing. They suggest that organisations need to begin with a clear understanding of their value chain: what kind of value is generated and how this is achieved. From this, a 'strategy implementation model' can be developed that specifies appropriate values, competencies and behaviours.

Thirdly, several authors have suggested that **trust** is a precondition for the effective implementation of HPW (e.g. Guest 2006; Ashton and Sung, 2002). Key to achieving trust is the sharing of information, and the presence of shared values and culture within an organisation. This suggests much greater involvement of employees in decision-making processes.

For policy-makers looking to support and encourage the uptake of HPW it is important to be aware of the drivers for HPW and to understand them better. Despite the evidence pointing to the significant benefits of adoption there is relatively low take-up of HPW, a conundrum to which the existing research struggles to find a satisfying answer. Furthermore, rates of take-up of HPW practices have not changed dramatically over time (see Guest et al, 2001).

However, studies have strongly suggested that the HPW model is more appealing for organisation in certain circumstances than others (see Ashton and Sung, 2002; Boxall and Purcell, 2003; Green et al 2003; Angelis and Thompson, 2007; Sung et al, 2009). These studies highlight a strong relationship between markets, product market strategies and approaches to skills utilisation and HPW in key sectors. Exposure to international competition; the use of more advanced technology; sophisticated consumer demand driving innovation and differentiation strategies are all important factors in HPW adoption.

In this section we will explore in more depth the circumstances that were influential in creating change in our case study organisations. We will do this by looking at which **actors** championed and introduced HPW practices and why, in particular, the role played by managers, leaders and the HR function. We will look at the relationships between **organisational strategy** and the decision to implement HPW practices, the role of **culture and organisational** structure in creating a **context** for HPW and whether there were any **external organisational pressures** which led to the adoption of HPW practices. We will also look at the barriers and challenges to implementing high performance working and how these were tackled and overcome. We will also seek to explore if there are any principles that are common across all of the case studies, which appear to be crucial factors for the successful implementation of HPW. Finally, we will look at the approach to the implementation of HPW, in particular within view of consistency across the organisation.

2.1 The role of leaders and line managers

A strong theme emerged from the case studies about the role of champions **at leadership level**, whose belief, vision or philosophy acted as a **catalyst** for a new way of working. In many cases it was the Chief Executive or other senior manager who were seen to act as a catalyst for change and the energy force behind major shifts in the organisations' approach to people. Quite often it was the appointment of **new leaders** either externally, or from inside the organisation, that was the trigger for a new approach. For example, at the **ACCA**, on two occasions new CEOs heralded periods of change. The incoming Chief Executive in 2003 brought with him a new style of people management, and a shift towards an open, flexible and less formal environment. He was the trigger of the first attitude survey for the organisation; recruited the current Head of Organisational Development and other HR roles. Subsequently, the current CEO (appointed in 2008) provided visible leadership to demonstrate the best ways of promoting ACCA's values and teamwork in everyday business activities. These two waves of change were considered as complementary, and as pushing the organisation forward on a journey.

At **Wychavon** the appointment of a new Managing Director (MD) was also a major influence. When he was appointed in 2003, the Council was organised hierarchically with two major directorates and relatively little cross-group working. The MD made some major changes to transform both structure and culture to create a more fluid, dispersed hierarchy with higher levels of communication and interaction and with a clear focus outwards to the community. It is important to note that the MD needed to secure the support of local politicians in any change and therefore a key part of the change process in this setting involved engaging major stakeholders. He was supported in this by Council members and colleagues who sought to help maximise performance through cultural transformation. A key part of this transformation was to embed the concept of flexibility from staff with a clear 'quid pro quo' from the organisation of maximising job security, trust and autonomy. Another major influence on the nature and speed of change was the Head of Strategy and Communications. She was an energetic champion of the strategic direction exercised through leadership in performance management, partnerships, community safety, equalities and communications.

BGD, the parent company of **firmus**, made the decision to appoint a General Manager with extensive sales rather than utilities experience, in recognition of the importance of building excellent levels of customer service. They deliberately sought a shift in emphasis. The result was a General Manager with retail-based history who has been a strong influence on the development of both the overall people/customer based philosophy and key practices. A belief in the potential of people was also central in this case. The firmus General Manager summarised their philosophy of people management by quoting Drucker: '*The purpose of an organisation is to help common men to do uncommon things*', a maxim painted on the wall of his office. Turning this philosophy into practice, he aimed to develop a strong people culture where people can 'step outside the box'.

However, not all the influential leaders in the case study organisations were new to their organisation. The CEO and Director General of **Merseytravel** is long-standing, but was described by managers as a 'visionary' and the 'driving force' behind the organisation. There are two other directors, and the trio are viewed by managers as a 'strong team' who enjoy a very close and productive team approach. This results in strong **trust** and a **common voice**, and the ability to make challenging decisions and then see them through. This was viewed as key to high performance, and the resultant vision and clarity of implementation has been a major influence on the organisation. The CEO's background also seems to be important in understanding his commitment for people development. He was an apprentice who worked his way through the ranks, and is also an Open University graduate and 'passionate about learning'. Over the years he has increasingly involved others to ensure that the culture that has been built is sufficiently embedded so that it would continue if he left the organisation.

In contrast to **Merseytravel** and the Councils, **Content and Code** is a relatively small entrepreneurial organisation set up by the current directors. Not surprisingly, these leaders were the initial driving force for the organisation's approach towards people. From the very beginning, the directors understood at a philosophical level that they wanted to create a great place to work and attend very carefully to their employees.

This case study evidence demonstrates that a **new leader**, who comes to the organisation with a fresh approach, can often make fundamental changes that are needed to set the foundations for high performance working, in terms of creating people-focus and trust. Furthermore, this confirms that leaders (both new and established) are deeply influential in setting the tone and ambition for HPW and they also tend to build a 'guiding coalition' of other leaders. The leaders in our case studies have been driven by a strong belief in people, the desire to create a high performing organisation, and understanding that people are key to this ambition.

Leaders can not only be important drivers of change but also play a major role in the implementation and establishment of HPW. One of the challenges for larger organisations is to ensure that there is a commonality of view regarding implementation. All too often efforts from HR or top teams fail to percolate through the organisation. Creating a common culture is very important and we have seen in the case studies that this is often led from the top.

Many organisations say that they operate in a **blame free culture** but rather fewer would have that endorsed by employees. In order to achieve a high performing organisation at Wychavon, the managing director made it clear that there would not be a blame culture as everyone in the organisation would share the responsibility for any problems experienced. This sentiment was thoroughly endorsed by senior managers at Wychavon who said it would be very difficult to find any blame being sought with a view that in most organisations the first response is to blame, at Wychavon the first response is to sort it out, and as a result people are prepared to take a risk. One senior manager described it as an approach of '*let's all hold hands and jump together*'. Senior managers emphasised that this was not an overnight change and took place over a number of years with lots of little things helping embed the no-blame ethos. There is also a speed of response which means the action does not drag behind the idea. As a direct result of these kinds of approaches there is a confidence in the organisation that means it takes calculated risks and builds on what it has achieved.

The benefit of a truly open response to risk is that it is a pervasive shift affecting many other attributes. There is an openness at **Wychavon** to new ideas and the underlying willingness to take risks is reflected in a corresponding willingness to learn. What is evident at Wychavon is a holistic understanding of the systemic effect of what leaders do. Understanding this means that such leaders act in a coherent and joined-up way.

West Lothian shows a similar appreciation of the foresight that sees issues as a coherent whole rather than as isolated. A strong commitment to quality standards and measurement, strong leadership and a highly developed workforce are all elements of the overall approach, and this is combined with a clear commitment to continuous improvement. While the overall business strategy has a number of pillars, the reliance on people to deliver it is explicit throughout. It is expected that managers will take an interest in staff and their performance.

In keeping with this, the culture at **West Lothian** is described by the Director of Customer and Support Services as 'highly integrated'. The directors manage on a corporate basis and are appointed to roles outside their own specialism. Benefits of this approach include avoiding silo mindsets and ensuring that professionalism does not create a barrier to progress. As such managers are able to challenge professionals at more junior levels helping to dispel built in assumptions and introducing a dynamic that fosters joint working.

At **Pilot Drilling** there is a very flat management structure, with one manager in each of the teams, and one supervisor below the Works Manager in the workshop. Being a small organisation the managing director is the major influence, although the philosophy of self-responsibility allows all staff to contribute to the organisation. Staff felt that the Managing Director always has an open door and is very approachable. *'If you want to voice an opinion then it will be heard, and they will always explain the reasons for any decisions.'* Staff also reported that *'The work is exciting as it is enacting George's [the managing director] vision to make new, innovative, and sometimes award-winning tools for the oil and gas industry, and as a result staff are highly motivated'*.

Although the Managing Director has taken a central role, he was central in the recruitment of a new Works Manager to allocate roles and ensure clarity and leadership in the workshop. This alleviated tension between the workshop staff and the design staff. The new Works Manager was given a free rein to do what he felt was needed, and he re-organised the workshop, appointing one supervisor and allocating staff to appropriate roles, with full support from the managing director. This has ironed out a lot of tensions, and staff realise that they need to work together more and respect each others' differences.

Leaders never act alone and in embedding HPW and the philosophy and ethos that surrounds it, a crucial element is the challenge of passing power and influence to others. As we have seen the culture of **Content and Code** clearly shows the impact of the two directors; but not because they seek to control the organisation. They both empower people, creating the space for innovation and development. *'If people are allowed to do their own thing, even if I disagree with their decision, and then if it fails, it's [still] their decision.'* Both directors are very visible and accessible. They attend to the people issues in the organisation spending considerable time

and effort thinking through what the impact on people will be of change and working to find solutions to these issues as the organisation grows. Line managers openly state Tim and Craig, the directors, as the main influences of their management styles.

At **firmus** the general manager's clarity of focus, together with the general 'openness' of the organisation are both cited as influences by managers. The strategy of recruiting on the basis of alignment with the values rather than on previous utilities expertise has been extended throughout the organisation, meaning that people's previous experience, typically in a customer focused environment, also helps shape behaviour.

Managers appear to be key to bringing people onboard with HPW. At **Wychavon** senior managers were clear that there were a number of approaches which were very important and directly relevant to the success of the organisation. First amongst these was the desire to empower people with the belief that empowered people not only take responsibility but are also more innovative '*people are not told what to do, they do what is needed*'. There is a pride in the organisation in doing things differently with the strap line 'Entrepreneurial not Municipal'. The organisation is felt to be innovative not just in the big things but all the way down through the organisation to small projects. It has an open door policy indicative of the underlying belief in mutuality and encouraging everyone to work together rather than against each other. This pervades throughout the organisation including politically and as a result there are very constructive relationships.

Our case study organisations are led by people who believe in people and also care deeply about performance. They build processes and practices that support the kind of organisation they wish to create. They create a coalition of champions, senior colleagues, HR, employee representatives and employees to help the implementation of approaches that will help create the organisation they desire.

The problems they experience rarely threaten this aspiration; rather they sustain and motivate it. Difficult trading conditions are often a key driver and neither are they confused or distracted by who is responsible or what is the balance between freedom and responsibility.

This case study evidence shows that leadership and line managers are vital in bringing about HPW and leading by example. Furthermore, it demonstrates that through HPW practices leaders and line managers can better understand the needs of their staff and act accordingly to improve their situation to the benefit of all involved. In addition to that, leadership and line managers also have a vital role in bringing people alongside and bringing about culture changes from the top. It is their affect on the culture of the organisation that frequently appears to be integral in the development of a high performance organisation.

2.2 The role of the business strategy

As we have seen above, leaders directly influence their organisation through their aims and approach, but they also influence the organisation more indirectly, through the business strategies they create. Several of our cases had organisational strategies that emphasised innovation, quality and excellence, and, crucially, a strong customer focus. It would seem that this focus on quality and the customer is complementary to the HPW approach.

For **ACCA**, for example, a key driver for the introduction of HPW was the development of a new business strategy geared towards becoming a more innovative organisation. The development of a clear strategy and the realignment of organisational activities behind it was a direct result of feedback from staff about the different areas of the organisation that were not functioning as well as they should or could. It was also prompted by the recognition that stakeholders had higher expectations of customer service.

Merseytravel was similarly influenced by a quality-differentiated competitive strategy which focused on building pride in the city in which it is based (Liverpool), and in changing perceptions about the city through building a world-class transport system. So while cost was a factor in the business strategy, it was not the prime consideration. Investment in staff development was a key plank of the overall quality-focused strategy.

The competitive strategy in **Autoglass** also had a strong emphasis on customer service, or on 'delivering customer delight' and being the 'brand of choice'. Again, the emphasis within the organisation was on quality and brand over cost. This was said to translate into an approach to people management which centred on '*engaging our people so they give great service*'. Engaging the workforce was a fundamental principle for the organisation, and a particular challenge, given the fact that they operate across a range of sites and with a large remote workforce.

However, it is also important to note that for some of the organisations it was not a deliberate strategy that was driving implementation, but a reaction to **external pressures**. Some organisations had adopted HPW practices in response to major issues confronting the organisation, including highly competitive environments, the problem of the 'war for talent', issues of employee relations, and external cost pressures. The need to find and keep scarce talent and skills motivated a number of the case study organisations to introduce or enhance their HPW practices. This was a particular issue for example within **gem**. Gem occupies a niche in the market place because of its ability to offer multilingual support (currently in 26 languages). Because there are four or five direct competitors with whom gem competes for staff (and globally, there are far more), the CEO believes that gem requires its range of HPW practices to remain adept in attracting and keeping good people, particularly those with scarce language skills whom their rivals find hard to retain.

Previously, when **Pilot Drilling Control** had tried to expand, difficulties in attracting suitably skilled employees constrained them. As a result they engaged more with local schools and colleges, and universities, as well as the Chamber of Commerce, Business Link and national sector bodies. Many small businesses in the local area struggle to provide adequate training for new recruits, whereas at Pilot Drilling Control they've ensured that the needs of training and development have shaped their HR practices appropriately. These HPW practices have made them more competitive in the talent marketplace, as well as improving the skills of their workforce internally to make the business more competitive.

This is also reflected in the response to the current **economic climate**. We would expect that this might have an impact on the successful implementation of HPW, in terms of being an additional challenge for organisations. However, this was not the case; on the contrary, HPW seemed to be used as a way to tackle the pressures organisations face due to the recession and help organisations to obtain a competitive advantage in the market. Rather than threaten the HPW approach, challenges facing our case studies have tended to enhance or strengthen the importance of the HPW philosophy to success.

An example of this is **Content and Code**, an organisation that has adopted what they consider a unique market position with a key focus on connecting their services with business need rather than offering a specific product. Their competitive advantage is strongly located in their workforce; their customer focus is seen as a core competence of the organisation and all staff are highly regarded by clients. Customer retention is high, and demand for products frequently comes through referrals. We found a similar case with **firmus**, who are working in a highly competitive environment and also breaking into new territory where they need to win business from competitors in a highly challenging environment. Their competitive differentiation comes from high quality customer service and they also occupy a niche in the market place because of their ability to offer multilingual support.

For **Macphie** which operates in the highly competitive food sector, this means focusing on producing consistent high quality and timely delivery. The current marketplace means that cost is an increasing challenge, but experience demonstrates that while customers may leave because they get a cheaper deal elsewhere, they generally return because of the consistency of quality the company offers. The company strategy includes identifying new customers who value trust and reliability.

Indeed, each case study has taken into consideration its competitive environment and in many ways used HPW to build on their strengths to tackle their competitive market, whether that be through the competitive advantage of one's people, focussing on staff development, building quality, or building long term relationships with customers.

Overall, we can conclude from the evidence collected that **competitive strategies** that emphasise **customer service, quality** and **innovation** appear to complement the HPW approach. To be successful, strategies emphasising innovation and an emphasis on customer service require good **employee engagement** and **investment in skills**, which are key elements of the HPW approach. HPW practices can assist in dealing with multiple strategic issues for the organisation – winning the talent war, keeping costs down, and improving relations between staff and management.

2.3 The role of the Human Resource function

The case studies show that strong human resource (HR) functions are an important driving force for HPW, working in partnership with CEOs and senior teams to provide the necessary expertise to engage with change. Good HR professionals can also spot potential derailments to change; ensuring policies and processes are coherent and support the aims of the organisation. They can drive the adoption of high performance working practices through a number of mechanisms, including integrating HPW into the HR strategy; as a solution to a specific issue the organisation is facing; to support climate and culture change initiatives; and to build up the capability of the HR function itself.

For some organisations, HR has always been central to the HPW approach. At **gem**, HR has been integral to the business from inception: the HR Director believed that this was due to an understanding within the management team that people are essential to success in the service environment. The HR function has a strategy; a 'three year vision'. Each team also has its own linked strategy, with HR goals linked to the company's goals. For a business of its size, gem's HR department is unusually large as the company prefers to do everything in-house, having tried a degree of outsourcing that has not worked in the past.

The introduction of a new people strategy combined with a new HR function was critical to **ACCA's** pursuit of its strategic outcomes to become a more innovative organisation within the accountancy context. The focus of the strategy is on facilitating the learning of all employees to create an open and inclusive environment in which *'employees are not afraid to innovate and challenge to seek continuous improvements in service and quality'*.

Some of the case study organisations had to build the HR function over time, and they put considerable effort into doing so. **Content and Code's** joint directors brought a number of significant processes such as performance development reviews with them when they left their previous employer. They therefore had some key HR processes in place right from the beginning, even when the business was too small for an HR manager. As the organisation needed to adapt and change, they paid a consultancy which specialises in helping small businesses to provide advice on employment law issues, contracts, and procedures. At this stage, the organisation had minimal HR resource and internal HR functions were conducted by the administration department. As the company matured, the need for more formalised people management practices became evident, and they have responded through both greater HR support internally and the use of consultants for specialist advice. For example, they used external consultants to develop their new performance review process, and they continue to use the support of the outsourced HR consultancy to provide transactional policy and procedure.

The United Welsh Housing Association have invested significantly in HR over the years, an investment they have kept up despite difficult times, as they feel that it is valued in the organisation. They believe HR is an 'influencer to drive the business', and that it has placed an emphasis on developing people so they can deliver their corporate strategy. HR practices are thought to have had a huge impact, and been critical to the successful development of the organisation. For example, shifting the employee relations climate of the organisation through a 'Partnership at Work' project was the brainchild of the then HR Manager. He contacted a number of organisations and was successful in getting government funding to implement the scheme. A consultant from the Involvement and Participation Association (IPA) was engaged to help with the work and to develop it in conjunction with the trade union.

At **West Lothian Council** the development of the HR function has also been central to their ability to introduce HPW practices. Until 2003, HR was devolved to the different services within the organisation. Since then, the function has centralised and undergone a transformation with the benefit of reducing both staff numbers and cost. Recent fundamental changes include the creation of an organisational development function, and the separation of policy advice and support from transactional and functional services such as recruitment, payroll, job evaluations and the production of management information. The role of organisational development in particular was viewed as key, given the pace of change in the organisation and the potential for changes in one area to impact on other services.

ACCA has also placed considerable effort into the professionalisation of the HR function, which has moved the function towards a more strategic, professional and proactive body. The HR function was developed with a dedicated focus on areas such as training, organisational development and HR. Over the past few years a performance management system has also been developed and evolved to align to the new business strategy.

It is notable that the case study organisations could not always make the people management changes they wanted to by themselves and several sought **external help** to get them started on their journey towards becoming a high performance workplace. For example, as a small organisation with limited internal HR resource, **Content and Code** commissioned an external supplier to help them develop their performance management system.

Sometimes a specific issue has pulled the organisation down, and in some of the case study companies HR played a key role in resolving these issues and providing a spur towards HPW. In recent years, for example, **ACCA** has expanded rapidly and found itself in a position where the infrastructure in many of the support areas was lagging behind what is required as a modern global organisation. The restructuring and redevelopment of the HR function at ACCA addressed many of these issues.

The HR function has played a key role in this. For **Merseytravel**, the lack of staff engagement in ongoing learning was seen to be inhibiting performance. The solution was to make learning accessible to low skilled staff with negative experiences of learning and low confidence regarding their ability to learn new skills. Poor staff relations can be another major drag on productivity and effective cultures. These were experienced in **United Welsh Housing Association** and **Merseytravel**. The emphasis in both cases was to create openness and a sense of mutual endeavour, with HR playing a central role here. For example, Merseytravel used support and funding from the government to help them shift from an adversarial situation ten years ago to strong partnership working with the unions focused on common goals with learning as a key enabler and robust policies for people management practices.

For some organisations, the HPW approach flowed almost naturally from their history and culture, with HR playing a key role in embedding and maintaining this. At **Macphie of Glenberrie**, aspects of HPW such as close staff consultation and involvement were part of the business' long history. Macphie's overall business strategy is one of offering best value rather than volume, with a focus on consistent high quality and timely delivery. Family values are central to the company's operations and can be seen in customer relationships too, with trust as a vital ingredient to build long-term relationships both with customers and suppliers. The HR philosophy mirrors the rest of the organisation, in that there is a constant drive for improvement, while also being very aware about working with people and getting their emotional buy-in.

Autoglass also have organisational values that HR were instrumental in bringing together and those values are encapsulated in HR programmes. The HR strategy at Autoglass focuses on succession planning and development, diversity, communications, and flexible benefits. This is linked with business challenges and future plans. The driver for HR was to look beyond the short-term and think about what is needed to adapt to where business might be heading.

The examples above show that the **HR function** is an important partner in the change process to HPW. The case study organisations clearly invested time and effort in building up HR functions where they were weak or less effective than desired. This included working with **external partners** as necessary which offer additional resources or expertise that the organisation does not have internally. We have observed that well-designed **HR strategies** can create greater clarity in terms of the shifts in culture required in the shift to HPW. Indeed, as the evidence from our case studies demonstrates, HR functions were helping to overcome barriers to HPW.

As well as being a key partner in the initial adoption of HPW practices, HR was an even more important player in implementing these practices. Where the HR function exists, it helps embed strategy, philosophy and vision by creating relevant policy and practice. For example the HR strategy is an integral part of **ACCA's** overall business strategy and has two main themes: firstly, the development of capability to meet strategic aims, this occurs through effective and efficient processes for resourcing, performance management, change management and employee development. Secondly, the creation of an environment aligned to **ACCA's** culture and values, to ensure that staff are engaged, motivated and committed to the organisation. In a sense the HR function focuses on training (previously seen largely as remedial), organisational development and over the past few years a performance management system has also been developed to align to the new strategy.

At **Merseytravel** the HR Director has developed a strong partnership with the unions including involving TUC UnionLearn in the early stages, and helping to sell the idea of a learning approach through such activities as arranging visits to other locations to see the approach elsewhere. The function helped arrange a number of fact finding and trust building activities. In doing so the HR Director spent some time talking to key stakeholders to understand their concerns and frustrations about the previous tactical approach to learning. As a consequence a joint learning forum was established which brought together senior managers with learning representatives from the different unions, and provided the opportunity to discuss a strategic approach to learning and development. The forum is still in place, while an additional benefit is that other consultative structures have also been established enabling round table discussion and negotiation about a range of issues.

United Welsh Housing Association created HR value statements which are regularly updated so they stay meaningful and an HR strategy which is designed to deliver change in the organisation built around 5 key elements:

- *Building Competence and Confidence* – to deliver more training in-house rather than using external training providers.
- *Engagement* – getting people involved and engaged with the organisation.
- *Empowerment* – growing staff’s competence and confidence to deal with issues themselves, and giving them permission to do it.
- *Sustaining Learning* – having follow-up activities for staff after they been on a course e.g. coaching others to pass on the skills learnt.
- *Talent Spotting* – noting where there are likely to be gaps and how they could be filled internally.

One example of the strategy in action was HR’s response to the goal of improving tenant participation; they developed the inter-personal skills and the confidence among staff which enabled them to deal more effectively with tenants and their queries.

As organisations engage with HPW and the changes it requires, some come to appreciate the potential value of a strong HR function. The models of HR that enable a positive response vary. The re-centralisation of HR at **West Lothian** in 2003 and the creation of the Organisational Development function, now seen as key given the current pace of change in the organisation, have led to an HR strategy, known as the ‘people strategy’ being put in place. Key policies and practices include people development; how to be an employer of choice, recruitment, retention, workforce planning, how to improve performance indicators, and equality.

firmus is a relatively small company that has been able to benefit from specialist input from HR professionals at their parent company, who have worked with them in partnership to develop some of the key people initiatives. This approach has major advantages for a small organisation and ensures that responses to issues within the organisation can be developed.

There are three key underlying principles of HR policy and practice:

- *Clarity*: all HR policies are clearly expressed and unambiguous so people feel secure; every member of the organisation has explicit goals and objectives clearly linked to the organisation's overall business priorities and captured in a balanced business scorecard;
- *Integrity*: HR policies are in place and adhered to, to ensure equality and fairness. Consistency is viewed as vital. Problems are resolved sensitively and in confidence;
- *Empathy*: The overall HR approach focuses on understanding how employees feel and how their working environment could be improved

firmus shows how values and principles can drive Human Resources Management practices. There is a strong emphasis on identifying attitudes and behaviours that are aligned with the values, including empowering people to identify their own development needs, and communicating and listening to employees needs in order to better meet them. This helps build a workforce that is totally focused on empathising with customers and highly responsive to them.

At **Pilot Drilling Control**, to help get a better understanding of their workforce the company screened the whole workforce using external expertise in the form of a learning styles questionnaire which was suggested by Business Link and administered by an external consultant.

In conclusion, it is evident that HR can do much of the nuts and bolts of implementation; data gathering, engaging stakeholders and creating the conditions for effective implementation. This activity might involve re-centralising or recruiting additional expertise. Smaller organisations in particular tend to seek expertise elsewhere such as from parent companies and external consultants.

2.4 The role of structural change

It is useful to note that several of the case study organisations were undergoing structural changes that acted as a trigger for the cultural changes associated with HPW. As we have already seen at **Wychavon** there was a deliberate attempt to reorganise and create a more flexible structure. Staff were reorganised into cross-functional work teams to combat 'silo working'. Wychavon faced the perennial challenge of having to 'do more with less' and their response was greater flexibility. Subsequently more generic job descriptions were drafted for staff. Flexibility was viewed as a means to restructure, but also as a way of enriching the work experience for existing staff. It was also a means of creating a pool of skills among staff that enabled nimbler responses to a constantly changing work environment. Employees could (and were encouraged) to take on work areas within the organisation in which they had a personal or developmental interest. As a consequence, some people have tasks or portfolios that are outside their areas of expertise or current function. The aim was to provide a process whereby employees could develop skills and expertise in areas of interest to them, but also support a change towards a 'can do' culture.

For some organisations, a desired change in structure made the implementation of HPW practices a necessity. At **United Welsh Housing Association**, an important project to change the way the organisation worked with its union necessitated explicit moves to empower staff and increase staff 'voice' within the organisation. The establishment of a 'Partnership Group' consisting of the senior management team, the Head of HR, the Partnership Manager and the two union representatives has increased the opportunities for staff to influence the policies of the organisation. Since the introduction of this group, managers and staff agreed that there was more room for staff to have an impact.

Pilot Drilling Control saw HPW practices as a way of enhancing and embedding structural changes. Rapid growth of the workforce in the early 2000s had meant staff taking on new roles, without necessarily having the right skills for those roles. It was felt that the company sometimes found it tough to 'mould people into new jobs', but the introduction of a range of HPW practices assisted the Works Manager in reorganising the business, and clarifying roles and structures.

This shows that for some organisations, HPW practices are a relatively 'natural' extension of changes to the organisational culture as well as a tool to bring about successful structural change. Furthermore, flexibility in the way employees work is a major shift in many of the case study organisations and a culture of autonomy and responsibility is essential in more flexible working environments.

2.5 The role of employees

In some of the case study organisations, the shift towards HPW had been influenced by employees themselves through their ideas and feedback.

Organisational feedback was a significant trigger for change for example at **ACCA**. Here the staff survey is taken seriously, and employees felt that their contribution is listened to. At **gem**, the flexible working policy arose from requests by staff, while at **West Lothian Council** frontline staff were involved in helping to reshape and review all of their services.

Within **Content and Code**, as a small and dynamic organisation where employees are highly involved; all changes within the company were delivered through consultation, either through the intranet, the weekly team meetings, or through the steering group of nominated representatives from each team who met monthly. The team structure was also an important element of delivery, with teams forming cohesive customer-facing and highly autonomous units. Effective consultation, combined with a strong sense of leadership has helped to create a high performing, flexible, open and innovative organisation. Employees are also seen as generators of ideas, including new ways of working.

This shows, as well as an outcome, employee engagement can also be a **key driver** and **enabler** for the adoption of HPW.

2.6 A structured approach to HPW

Structured processes can both inhibit and help organisations make transitions. In **ACCA**, a large and complex organisation, the standardisation of practices and consistency of application across the organisation is both a challenge but can also ensure that everyone has a clear understanding of the strategy, their own part in delivering it, and how they are expected to work within ACCA's framework of values. Therefore, somewhat perversely, structure can be liberating and empower people to deliver outcomes. Managers were quick to stipulate that having the right frameworks in place was positive as it enables people to get on and achieve. Similarly we heard from line managers at **Content and Code** that the shift from a small organisation to something larger creates challenges for maintaining HPW throughout the transition. Formal systems were needed to facilitate line managers to make difficult decisions. Whilst it appears easier to maintain a relaxed and friendly atmosphere when the company is small, when growth occurs, there was a desire for formalisation.

There were two policy areas in particular which line managers mentioned as challenging to manage without the support of policy, namely flexible working and disciplinary procedures. Flexibility around core hours is deeply valued by employees at **Content and Code** but creates some nervousness from line managers in terms of ensuring that such flexibility is not abused. Consequently one step was to build into the policy the stipulation that if employees want to work from home, they need to be in communication with their team.

Creating clear policies and processes can also do much to enhance knowledge transfer and successful cross-functional working. For example the nature of **ACCA's** geographical reach produces perhaps a greater demand than elsewhere for strong internal communications, and greater face to face contact and networking opportunities.

For **Autoglass** HR is collectively focused on groups of staff. For some of these groups, such as technicians, there is a logistical difficulty in communicating as they are out on the road, so there is considerable reliance on managers to feed information to and from staff. This can be a barrier to making sure employees understand why things are done and what is happening in the organisation.

It was clear from some of the case studies that clarity around development policies and procedures was vital. While **Macphie** retains the positive elements of being paternalistic, this is combined with a strong belief in the potential of people. Opportunities for personal development means that people can grow and take on extra responsibility, with numerous examples of individuals starting in junior jobs and working through to highly responsible positions, as well as being supported through external qualifications. Development needs are identified as part of the annual review process with the guiding principle that “*we grow our own*” and an emphasis on identifying natural aptitude and best fit.

While managers at **Macphie** have flexibility in working in a way that gets the best from their teams, procedures are in place for disciplinary and other key issues where consistency is important such as performance management and appraisals. Training is available for managers so they both understand the different processes and how to get the best from them, while a managers' handbook summarises the approach

Interestingly, at **West Lothian Council**, the director of Customer and Support Services emphasised “*While the governance structure is important, it is at the operational unit level that it is important that things work.... As a leader, you need to be able to move from the balcony to the battlefield*”.

Several of our case study organisations stated that imposing structure i.e. by creating process and practices in an organisation that may not have had them previously, can be liberating as it enables managers to focus on managing and leading with confidence. This might be considered a contradiction to increased flexibility of structure also seen in our organisations, however it is likely that both are helpful; flexibility of approach combined with clarity of process ensures that confusion is avoided. There are challenges for maintaining HPW throughout transition, however the cases suggest that clear development policies and two way communication are key in terms of avoiding confusion and endorsing high performance.

2.7 Consistency of application

Large organisations also inevitably face issues of consistent application of policies. At **Merseytravel** while the various initiatives are now well embedded, the disparate nature of the organisation means that systems can be applied and interpreted differently by managers. Different attitudes to learning also linger in some pockets of the business with managers who are less ‘switched on’. Peer pressure through seeing the success achieved by others is one way the organisation is tackling this, together with additional work on leadership development.

The aim of the performance management system at **ACCA** was to make objective setting an agreed two way process. There have been some challenges around ensuring a common understanding of terminology and ensuring that the behavioural aspects of performance are consistently recognised when tasks are measured. **ACCA** previously experienced salary creep due to arbitrary pay rises but a five point scale and job evaluation process have been introduced to deal with this. Because of the efforts made to date, there is now greater consistency across all **ACCA's** offices, including those outside the UK. However the organisation felt there was still some way to go before performance management is systematically embedded across the organisation.

At **Wychavon**, employees mentioned a concern that the new shared services project which seeks to integrate the provision of services across a number of councils could have a negative effect – primarily because it was in danger of reducing the effectiveness and efficiency that **Wychavon** had achieved and diluting it with much less well run services from elsewhere.

Employees felt quite protective about the organisation and so there was a sense of not wanting to share their services widely in case the things that made the organisation so special and unique were lost. Employees felt that they needed to be in charge of any joint ventures if they were to succeed. Some staff, however, commented that looking outwards was a good thing and the Council could afford to be generous. This is a good illustration of the tensions of change.

The Employee Relations (ER) team at **gem** works with operational managers to ensure there is as much consistency as possible in how people are managed, measured and, if necessary, disciplined. The HR Director believes that the investment in employee relations specialists is worth it, pointing to the fact that the company has never had to go to an employee tribunal. HRM policies at **gem** are very accessible on the company intranet, and presented in a user-friendly way (How do I...?) for managers and staff. The company believes that written, accessible policies help with consistency and fairness, so *'we have policies on everything'*.

In terms of the implementation of HPW practices at **gem**, employees also felt that their opinions were constantly being sought and that suggestions of improvements or concerns were welcomed. Although there was not always complete consistency in the way that different teams were managed, individual managers were seen as very consistent and fair in the daily handling of the people within their teams. Operational managers felt that the ER team played a key role in ensuring that managers implemented policies and practices consistently. Members of the ER team were part of the management teams, and tackled any inconsistencies straight away.

This shows that maintaining a consistency of adoption and application of policies and practices is clearly a challenge, especially where it is not necessarily that easy to look outwards and endorse the bigger picture. However, clarity of expectation between employer and employee is key for equity and consistency. Some case studies have dedicated specific resources to ensuring consistency of application across the organisation, and this was greatly beneficial. Good communication channels are vital in order for all in the organisation to see what others are doing and to provide an opportunity for input at all levels of the organisation to where policies and procedures are not working properly.

2.8 Lessons to learn

It has been suggested in the existing literature on HPW that senior leaders are crucial in terms of creating the conditions for trust required for HPW and in the development of a 'big idea', clear mission and strong values. Our case studies provide some support for this, and we have seen that new appointments can be a particular trigger for HPW. There was not so much evidence of a singular 'big idea' in the case study organisations as other studies have found, but rather an interplay of understanding the business imperative alongside a strong sense of the importance of people. The leaders in our case studies had clarity of vision, a desire to achieve excellence, and an unstinting belief in the value of people in achieving exceptional performance. Our case studies support the contention in the literature that HR managers play an important role in engaging and convincing stakeholders and co-ordinating implementation effectively. In our case studies, where there were strong HR functions, they were important partners.

The existing literature on HPW has also suggested that HR practices should link with broader business strategy, and that the HR strategy and wider business strategy should also be mutually reinforcing. We have seen elements of this, for example – the association between learning and the desire to become more innovative in **ACCA**, the need to engage talent at **gem**, and an increase in organisational flexibility at **West Lothian**. However there are some findings which do not necessarily map so clearly onto the findings of existing literature. Although in some cases strategy plays a part, in others it is less strategy that drives implementation but more prosaic issues. Frequently, the case study would describe some compelling problems or issues that force them into thinking through approaches differently. For other organisations, HPW fits neatly into a culture and approach to people management. It is more a case of 'the way we do things around here' i.e. more a tacit driver than an explicit and deliberate strategy. This supports literature that finds that the underlying 'core beliefs' and 'mindset' within an organisation are key push factors and drivers for HPW (CIPD, 2008a). For others it is structural considerations that would appear to have led them to the door of HPW.

There are possibly echoes in these case studies of the literature which places trust as a precondition of HPW adoption, although it was rarely mentioned explicitly. In some cases the perceived need for greater trust is part of the impetus behind cultural and structural change, which then moves organisations on to consideration of certain HPW practices.

On the whole the HR function is an important element of the change process. In some cases it is an interpreter and facilitator of the desire for change (i.e. it understands the need and seeks to assist in delivering a solution), in others leaders have been more active and detailed regarding the HR practices they have implemented and the HR function has taken a more passive role.

This suggests that HPW emerges further down a chain of considerations than might first be expected and is affected by multiple drivers. Leaders set the philosophical tone in the organisation that paves the way for HPW as an approach; this is translated by the HR function (or other people management champions) into appropriate policies and practices. This might be considered the ‘front door’ approach to HPW. Other drivers may make the introduction of HPW practices a logical solution, employee relations problems, structural or cultural shifts – rather more a ‘back door’ route.

If HPW is closely associated with demand for innovation and differentiation, i.e. the opposite of a cost driven strategy, we might expect that an economic decline would make the adoption and maintenance of HPW more difficult. Our case studies however did not give any evidence to support this. They all regarded their approach to people as one that would help them survive the difficulties they were facing. Perhaps this is in part because the drivers of the uptake of HPW in our case study organisations were not predominately derived from their strategy but a range of more diffuse issues. It is however also true that in those organisations that were pursuing a highly differentiated business strategy, a reversal to a cost focused approach was not an option. In these cases costs were important but high levels of quality or customer care were paramount; the rationale for their approach to people remained a strong one regardless of costs.

The literature also found strong associations between sector, strategy, and use of technology which might imply that HPW just does not work elsewhere. What the case studies show is that whilst HPW may be a more obvious choice in some circumstances than others, the decision is not clear cut. We have seen that in manual and relatively low tech environments, HPW has made a significant difference to the well being and success of the organisation. The important driver in these circumstances would appear to be a drive for excellence.

Some of the barriers that we did see in the case studies have also been highlighted in the literature. Large and dispersed organisations face challenges of consistency which can detrimentally affect perceptions. The important factors here are the power, clarity and communication of the message to ensure it is heard, and the quality and mindset of managers to ensure that it is appropriately interpreted and applied. HR processes and practices can help this cascade as can the training and development of line managers. What seems to work especially well are very clear messages from the top of the organisation, an emphasis on ‘the spirit rather than the letter of the law’ can paradoxically inspire greater consistency than an approach that focuses on the application of practice. Indeed the use of strong cultural approaches and symbols appears to be a particularly powerful tool in adoption. The lesson here is that when it comes to giving HPW a backbone, it is not practices that do it but values, principles and culture. We suggest this has been overlooked and may help organisations who are in awe of the complexity of adoption.

The literature has recently focused on the process of implementation and in particular, the link between intentions of the organisation and the perceptions of employees. The challenge for organisations is how to persuade their employees of their best intentions when bringing in HPW practices. An important way to achieve this is to create a climate of trust as our case studies demonstrated and this has mainly been achieved by improving employee's autonomy. Actively engaging employees in decisions as well as the application of practices can foster this climate of mutual trust and positive attitude.

Having explored the drivers of the adoption and the important factors for a successful implementation of HPW, we will now look in more detail at how HPW works in practice. For that we will analyse the overarching principles of the HPW approach, which key practices organisations tend to adopt and how they work together as a system.

3 HPW in practice

We will now describe in detail the high performance initiatives that have been adopted by our case studies organisation. We will look at how these form systems and interact with each other in order to draw some lessons as to what the key elements of HPW systems are and how these systems work on the ground.

The organisations in this study employ a wide range of practices which can be grouped into 'overarching approaches' that provide the context for 'key practices' deployed. Overarching approaches include employee engagement, empowerment and communication and the key practices include performance management, employee development and measures to promote well-being. Having analysed these we will look at the overall coherence of people management practices and the concept of 'bundling', i.e. the meaningful collection of different HPW practices that should align with to create a competitive advantage.

3.1 Overarching approaches

3.1.1 Engagement

Our case studies showed that organisations generally seek to achieve high levels of employee engagement. For example, at **Autoglass**, engaging the workforce is a fundamental principle and the organisation has put in place a few practices to support this: employee engagement forums for the different parts of the organisation, covering all staff; and an employee engagement survey across the organisation developed with the help of their survey consultant and based on an employee engagement framework. Employees were involved in this development through conversation with the consultant and by testing a pilot. As a result and despite scepticism about previous satisfaction surveys, the survey was well received with much improved response rates.

Furthermore, managers were supported, through workshops, in their understanding of the new framework and what this means and they developed, together with HR, action plans of what needed to be done to improve these results even further. For example, one of the areas that needed improvement was communication and the new performance management system now encourages regular feedback meetings. In addition, the company also provided tailored training on how to conduct team meetings.

United Welsh Housing Association had entered the Financial Times Great Workplace Competition and done well coming 5th in 2004 and 4th in 2005, which were strong results for an organisation of their size. They used the competition to help them to focus on staff recognition, communication and celebration of good performance. They held a 'Great Day Off' competition to suggest a day out to celebrate the result in 2004, and had a 'Great Euro Day Out' in Paris the following year.

The underlying philosophy of people management at **Content and Code** was described as letting people grow through the fostering of a very personal and open culture. There is considerable focus on team spirit, and the building of relationships, with all members of teams connecting through as many cross-company networks as possible. The Directors remain very close to staff, an open door policy exists, and there are team days out and staff dinners at one of the director's flats and beer and pizzas on Fridays. There is also an office dog, Fernando, who provides an energetic and entertaining presence.

Pilot Drilling Control went through a values exercise in 2007 with its staff to determine the core company values, triggered by a desire to improve interactions between employees, and help reduce some of the tensions that would build up during busy and stressful periods of work. The final list were loosely defined so as not to be too specific or narrowly focussed and so staff can take their own meaning from the headings. Despite some initial hesitancy in adopting them, the values have proved useful in giving people a focal point to discuss how they are working with their colleagues and in performance management discussions by helping staff to recognise issues themselves and to come up with their own solutions. They are also used as the basis for the Employee of the Month award, which was introduced in part to help reinforce the values.

At **gem** the Employee Consultative Body (ECB) provides a formal employee involvement structure as well as opportunities to get involved with charity work. Staff who participate are given a 'champion' role and have responsibility for gathering employee views and presenting suggestions on behalf of their teams. Employees receive additional training to help them in this role.

At **West Lothian Council**, the combination of measuring progress while also listening to employee views and involving people in continuous improvement is incorporated into various HR processes. Examples of listening processes include team meetings, use of focus groups and the two way nature of the Performance Review and Personal Development Planning process. A Council wide survey is in place, and services are also encouraged to carry out internal surveys to understand company-wide issues.

Managers said that the twinning of the assessment approach with the emphasis on involvement and improvement initiatives means that frontline staff are involved in reviewing and shaping services. The involvement approach extends beyond formal processes, and managers felt there is a general sense that people can suggest improvements at any time. The benefits of the focus on involvement are seen to include increased buy-in to change. As one manager noted: *'Because front line staff are involved in the change, staff are much more willing to get on board, and to take on change and challenge'*.

At **firmus** listening to employees is embedded in the culture. The aim is to identify what staff are really interested in, so as to best utilise their interests in order to make customers happy. A suggestion scheme is in place and all suggestions made are considered by the management team and acted on where possible. For example, firmus introduced more flexible hours as a result of an employee suggestion. This openness is clearly demonstrated; an independent consultant recently conducted qualitative research with all staff to identify what managers were doing well and could do better, and results were fed back to staff by the General Manager at a quarterly briefing. Engagement is measured via surveys, qualitative research on the effectiveness of management, suggestion boxes, plus listening to comments in team meetings and 1:1's. Employees said they feel trusted to make decisions, but can ask managers for support if they need it. The use of 1:1's is also viewed by employees as important, as well as informal communication and the open door policy adopted by managers. As a result, employees at **firmus** consider that they have a high level of influence on the organisation and overall interviewees felt that people are given a high priority within the organisation. Employees feel that they can speak openly and that issues are addressed and that managers spend a lot of time communicating with staff.

3.1.2 Empowerment

Closely aligned to engagement, empowerment is another broad philosophical driver in organisations – the desire to maximise the contribution of employees. **Merseytravel** for example trains many staff to NVQ Level 3, and explicitly develops people to allow them to operate at a more senior level than their role. This means that people can feel confident in decision taking. Team working and multitasking are central to this approach, as is a coaching style adopted by managers so that mistakes are viewed as a learning opportunity. Different parts of the organisation are at different stages in terms of this empowerment journey, and it is recognised that managers in some areas require additional support to help them to make the transition required.

Line managers at **Content and Code** spoke of the benefits of a flat hierarchy and the chance to contribute equally, of personal empowerment and the ways in which teams address issues. The opportunities for self management were also much appreciated with employees noting especially that they were able to express their opinions, explore opportunities, they were trusted to get on with the job and that the performance methodology particularly enabled communication and brought teams closer together. Anyone who has an idea in the organisation is fully supported to realise it and to take ownership of it. Employees have access to commercially sensitive information on the organisation and are trusted to respect it.

Content and Code have changed their product delivery strategy to enhance individual contribution. The adoption of the 'scrum' methodology allows for teams of people to '*huddle together and churn out a solution straight away*'. The results are transparent; people-led solutions which promote accountability to those who design them. A project manager sits behind the process, driving it forward, but all team members are accountable for what they said that they would do, what they did and any impediments faced along the way. The methodology also means that teams are clearly accountable to the customer. This is enhanced by the close involvement of the customer who attends regularly to participate in discussions as their product is being developed. This also ensures that the product is precisely tailored to the needs and desires of the customer. As part of the overall fostering of the attitude that people themselves can change the way in which they work, people were naturally breaking out of the old methodologies and developing new ones.

3.1.3 Communication

Engagement and empowerment are both deeply dependent on effective communication. It is striking how embedded communication was within our case studies. For many of the organisations studied it is an integral part of everything they do and a clear element of strategy. For some, notably the smaller organisations, it is a natural part of organisational life.

At **Content and Code** for example communication is given emphasis with regular team and individual meetings. Teams have stand up sessions where they discuss activities, they jointly review problems and issues and brainstorm solutions and all initiatives are carefully introduced with high levels of engagement and communication. There are also more formal approaches; they run a staff survey every year and the organisation responds to anything where there is more than 20 per cent negative response.

United Welsh Housing Association also emphasises communication as a key element of shifting and embedding a more engaged culture. They have an annual staff conference for the entire workforce, which used to be a top down information cascade but they have revised it to involve employees more directly in this.

The importance of investing in time to communicate is fully understood at **Merseytravel** who use a range of methods. Monthly team briefings, for example, using a core brief were set up as a result of a working group reviewing communication processes. There was high scepticism on set up but feedback now shows people welcome the engagement and interaction. Other forms of communication are also used such as all-employee e-mails, a magazine and an intranet that include an 'Official Rumourmill' where people can post the rumours they have heard and get a response.

Of all our case studies **Wychavon** shows the most intense appreciation of the potential power of communication. This is largely due to the presence of a senior manager who focuses on communication and is highly skilled. The communication team are responsible for the straightforward and clear style that permeates official communication. This open style of communication aims to build pride and get the best out of people and people describe the Head of Communication and Strategy's personality as '*infectious*'! This belief in the power of communication is fully supported by the MD who gives time and effort to ensure people are kept informed. Senior managers also fully recognised the importance of communication at all levels, to ensure few things come as a shock to people. There are key communication 'cornerstones' which are briefings for the whole staff 2 or 3 times a year given face to face. Senior managers also spoke of the importance of giving both good and bad news; they believed that when people know what the issues are, it engenders engagement.

Pilot Drilling Control has a number of communication channels to disseminate information and receive feedback including monthly employee meetings with all staff; daily production meetings for workshop and design staff; quality meetings and contract review meetings. Perhaps most unique is the monthly shop-floor meeting where there is an employee of the month award and a wooden spoon of the month, which is a light-hearted way to learn from a mistake that's been made, and a quality award of the month.

At **Macphie**, two-way open communication is seen as vital, and the level of openness reflects the desire for inclusiveness which stems from the culture of 'extended family' across the workforce. For example, the company's growth plans are shared, and there is total transparency about sales and profitability. Managers also discuss issues and challenges with their teams to find the best solutions. HR Manager Andrew Harper summarises: *'Everybody knows everything about the company. Being a family organisation helps, they can see the links between what they do and how successful the company is'*. Innovations introduced as a result of staff input range from products to changes to processes systems. In addition to a suggestion scheme and a company newsletter, formal communication measures include: a biannual all staff conference; a formal team briefing process; and a quarterly consultative forum made up of employees.

3.2 Key practices

When thinking about key processes and practices we found that they are adopted neither equally nor randomly. We identified three important practices which act as cornerstones to HPW these are: **performance management systems**, **staff development activity** and practices related to **well-being**.

However, before we look at these more closely, it is also important to note that there are a range of basic HR practices which need to be in place for smooth operation of people management. These are known as hygiene practices in that they do not necessarily raise engagement but getting them wrong can cause disaffection. They are essential for effective running but less philosophical. They are for instance related to effective recruitment and selection, workforce planning and equality, providing an environment where people find work rewarding while also providing benefits such as flexible working. These practices often form the core of the staff handbook; this was for instance the case in **ACCA**, where a complete revision of HR handbook was carried out to ensure that all policies and procedures were compliant, and to incorporate reflections on the philosophies of the organisation. Policies and procedures were embedded with managers through developing their experience in using them, and also through HR training as part of the core manager training programme. Disciplinary and problem management policies are reviewed on an ongoing basis. The ongoing focus in this area is to raise awareness across the organisation and to ensure that policies are genuinely fully embedded and applied consistently.

For some organisations these HR basics are acquired with the help of external specialists. **Content and Code** for example used an external company to pull together their staff handbook although it is notable that the language used is quite transactional and rather at odds with the engaged culture of the organisation. Interestingly this was not something raised by staff and it is clearly the way in which people management happens in an organisation that carries much greater weight than the words on paper.

3.2.1 Performance management systems

For some of our larger organisations the importance of consistency led to major reviews of performance systems. In 2005 as HR strengthened, **ACCA** looked at what was in place in terms of performance management and it was clear that they lacked a uniform formal system across the global organisation. Interim measures were put in place for a few years to keep the organisation ‘ticking over’ but a more fundamental review has meant the system has become much more focussed on individual development, which has proved hugely beneficial for ACCA by increasing motivation and improving retention and capability. It now involves a process of objective setting, personal development plans focused on individual needs and a strong internal communications campaign that helps people to think about development.

At **Content and Code** the performance management system is integral to its overarching approach to people management. It includes four key elements: peer reviews and performance dashboards (also giving staff a graphical summary of their goal and their achievements); regular feedback through performance management reviews with managers based on smart objectives indicators measuring soft skills; an annual salary review; and finally a quarterly bonus plan.

The scheme has been very well received in that review and development is felt to be highly consistent across the organisations. It is notable that considerable negotiation and communication conducted personally by the directors took place when the performance scheme was introduced and this has paid dividends in terms of the high levels of acceptance and smooth implementation.

Autoglass also introduced a new pay scheme aligning pay to performance on key performance indicators (KPIs). This included regular reviews so that technicians would know if there was any danger of dropping down a pay block, and a process for managers to be talking to them about it in good time. The review began with technicians but as this left the rest of the organisation using the previous process, the HR manager conducted a bigger review and consultation. Feedback strongly suggested that the old scheme had been subverted by its link to pay, and conversations on performance had become pay negotiations not performance reviews.

The redesign work engaged people at all levels through a steering group with representatives from across the business. The outcome was a new competence framework called ‘Winning Behaviours’, a shift from annual to quarterly reviews, regular 1-1’s; a changed rating system; and a separation of ratings on performance and behaviours to ensure behavioural performance was not ignored. The new system was launched towards the end of 2008 with training for every manager, including branch managers in regions, plus briefing sessions for staff.

General feedback has been very positive, changes have been welcomed, and overall the changes have gone particularly well. People are clear about the new behavioural and competence frameworks, and what is expected of them in their role.

Performance management is an important part of **firmus's** approach. Every staff member has a balanced scorecard which defines clear targets and shows an explicit link with the organisation's objectives. The scorecard is seen as central to HR management, linking to communication, talent management and stakeholder awareness.

The scorecard includes five to six financial KPI's and four to five process measures as well as a development element. The scorecard was first developed at an organisational level followed by departmental and individual levels. Benefits of the scorecard include allowing everyone to see the link between their activities and organisational goals.

Assessment against the balanced scorecard requires staff to show how they have applied the brand values throughout and discussions around the scorecard are central to people's personal development programme. Gaps are identified as part of the review or during 1:1's, and then reviewed to ensure that development is keeping pace with what was agreed and captured on the scorecard.

A performance related pay system with overt salary bands underpins the balanced scorecard approach. Progress is individually determined within the band and managed against the scorecard, putting the employee in charge of reward and clearly identifying the link between performance and pay.

Macphie use a performance review process which has gradually evolved to become more flexible to allow for the needs of different areas to be met. For example, while some areas have stretching objectives, tasks in production tend to be more routine, so the system allows for this, and the setting of SMART objectives is currently being introduced in this area. The Personal Development Plan process incorporates a self scoring system, reinforcing the sense of personal responsibility and can be completed either annually or on a rolling basis.

Performance is paramount for **gem** and they have a range of processes in place to monitor and manage performance including: Individual key performance indicators (KPIs) that link to team KPIs and overall company goals; performance related pay (PRP) which is linked to achievement of KPIs; development opportunities linked to KPIs mostly offered to those who have met or exceeded their KPIs; and increasing PRP with length of service.

These processes are supported by company-wide initiatives that not only reinforce performance management systems but are also very important in fostering the gem culture. These include awards called the ‘gemmys’ and the ‘SHINE’ (smile, hear, interact, nurture, exceed) award scheme, which enables individuals to be recognised on a more frequent basis.

West Lothian Council has a Performance Review and Personal Development Planning (PRPDP) process, which is the main way in which personal contribution is measured, and also reflects the listening and empowering approach that is central to the Council. Individuals are responsible for setting their own objectives, in discussion with their managers, within the context of the strategic plan. The PRPDP system has been continuously improved over the past eight years, and has evolved from being ‘fairly prescriptive’, as described by one interviewee, to focusing on outcomes rather than process. Clear parameters are set for managers, and there is an expectation that reviews will be carried out regularly but with no rigid formula. This reflects the need to be flexible given the different needs of different parts of the organisation, with, for example, professional staff needing to meet external professional development standards.

Performance systems can be seen to provide the opportunity to align staff to the aims of the organisation, to create clarity of expectations in terms of performance and behaviour and to provide a consistent message across the organisation. The setting of clear objectives related to work-plans as part of the PRPDP is viewed as having had the single biggest impact on high performance working.

Overall, we can conclude that it is important to have good data available for individuals and this is combined with great and regular feedback on performance. Furthermore, the performance management scheme needs to be carefully aligned to the needs of the organisation. It is also crucial for leaders and line managers to communicate clearly and find a positive message, seek consistency and train managers. It is also interesting to note that whilst some organisations link performance to pay, others decouple it.

3.2.2 Development policy and practice

For some of our case studies learning and development sits at the centre of a major culture change. This is very much the case at **Merseytravel**. The core philosophy of the organisation is based on the importance of learning which is driven by the CEO. He recognised the value of upskilling staff both to ensure that the organisation had the skills essential to fulfil their ambassadorial role for the region, and to build trust inside the organisation. He takes a holistic approach, recognising the value of such learning to UK Plc through his philosophy of *‘I’d rather develop the workforce, and see them leave, than not develop them, and have them stay’*. The success of the approach is evident in that attitudes towards learning within the organisation have transformed from viewing training as ‘not in my job contract’ to now seeing learning as a right rather than a chore.

The organisation started by exploring the concerns and frustrations about the previous top-down approach to learning and the result was a new deeply collaborative approach. A joint learning forum was established which brought together senior managers with learning representatives from the different unions and provided the opportunity to discuss a strategic approach to learning and development, which heralded using this model for other consultative structures. Learning is ringfenced within this structure, so that a partnership approach can continue no matter what other robust discussions may be taking place on other issues.

Funding to establish a set of learning centres was essential and HR and the unions worked together on funding bids to secure resources to set up the three centres that form the heart of the *Merseylearn* approach. *Merseylearn* is now well established and continues to provide robust, job focused training and to de-stigmatise the concept of skills for life. It has had a very positive impact on both culture and performance within the organisation. The centres operate extended and flexible hours. There is a commitment to providing flexible working opportunities so that people can get the time for personal development. In an important symbolic move, people are also supported in non job-related learning through low interest loans under the branding of 'U-Learn'. The commitment to development extends to all skill levels with an in-house Masters in Public Administration accredited by the University of Liverpool and staff given the opportunity to complete other Masters degrees where appropriate. An annual awards ceremony for all those who have achieved a qualification reinforces the value placed on learning and development; last year approximately 350 people were involved. The upskilling achieved through *Merseylearn* means that the organisation has recently been able to move to internal advertising to fill vacancies as capability increases.

The learning culture is now being extended across the wider transport sector and **Merseytravel** has a formal understanding with GoSkills, the Sector Skills Council for transport, to work with bus companies, Merseyrail, the taxi sector and other allied trades such as inland waterways and Liverpool John Lennon Airport.

Autoglass is another organisation with a strong emphasis on learning across the workforce. It has a National Accreditation Centre just outside of Birmingham, and all windscreen technicians are trained and accredited. This emphasis on learning, and indeed on accreditation, sets **Autoglass** apart from its competitors. Performance and Development Reviews are also a fundamental part of the development process and apply to all employees from directors downwards, although the detailed format varies. Formal reviews take place twice a year and it is also hoped that managers will discuss performance weekly. The introduction of the process included a pilot scheme with the offer of guaranteed training as an incentive and supported with training for managers and ongoing refresher training.

As a professional organisation, **ACCA** is dependent on knowledge and skills and this is reflected in its approach. Initially formal off the job training and qualifications were introduced and this is now embedded across the organisation. There is also a core training programme on soft skills for those based in the UK. Each department has its own training budget which it can allocate how it sees best. Because uptake varies between teams, there is an emphasis on raising awareness of the training budgets existence to ensure greater consistency across the organisation and to encourage individuals to think about the sorts of skills that they personally want to acquire in the coming year, and how best to use them.

There is a strong training and development culture at **Pilot Drilling Control**. Training needs are identified through appraisals or through individuals putting themselves forward as a result of self-identified needs. The 'Skills Matrix' was introduced in 2008 to facilitate progression amongst staff, and defines the skillsets people need for different roles so staff can identify their training needs in order to progress.

Pilot Drilling Control emphasise engaging young trainees in both the design side and the workshop side and subsequently have a high ratio of trainees to experienced staff. Having an open environment that allows the younger trainees to develop also helps the established staff to develop too and to re-evaluate their own skills, in addition to helping pass on skills to less experienced employees. This emphasis on engagement of young people was one of the main reasons that made the company attractive to the American multi-national that recently bought it out.

Pilot Drilling is currently looking to embed an effective coaching and mentoring culture, which comes from the managers and supervisors having the confidence to manage their staff in the unique circumstances that fall outside of the policy framework. For example if an employee is under stress and their performance is dropping off the manager will ask '*how can we help*' and give them time off or change some of their duties. The appointment of a new Works Manager is hoped to support this progression.

At **West Lothian Council** there is an emphasis on focused training which provides a link between the training given and the improvement of outputs. There is an online database of training available, employees are given the opportunity to identify their own training needs in line with business needs and then bring these to their PPRPD discussion. A focus group made up primarily of professional staff reflected the emphasis placed on training by the organisation and valued opportunities to continue personal professional development through external courses and to learn from others.

At **firmus** the belief in the potential of people is central. Their aim is to develop 'great people culture' where they find 'good people', train them well and 'allow them to fly'. **firmus** invested in situational self leadership for all staff and situational leadership training for managers about two and a half years ago. Situational self leadership was designed to put personal growth into people's own hands, so that people can identify the goals they want to achieve and the training that will get them there, and be supported by managers. This was important given the recruitment strategy and the subsequent need for up-skilling in areas such as gas engineering, regulatory issues and finance. The learning and development strategy needed to ensure that staff could develop the right skills at the right time.

Line managers were involved in the staff programme as well as undertaking training themselves. They met with staff to discuss the programme within a month of it finishing, and gathered feedback on improvements made since the training. It is clear that the structured and long term approach to development taken by the organisation is viewed as a strength by managers. The programme directly underpins the company's ethos of self development with development discussions taking place as a result of, and monitored by, the use of the balanced business scorecard. It is also seen as instrumental in ensuring that managers are more aware of the importance of having effective performers, rather than needing the skills themselves. It was clear from conversations with the senior management team that coaching and enabling conversations are core to their management style.

At **gem** the training and development team delivers operational training, statutory training (e.g. health and safety) and management development. Everything is delivered in house, using structured programmes. All new managers from team leaders upwards have to attend a code of conduct workshop and go through four core modules within their first three months: how to handle awkward situations, absence management, attrition awareness, and disciplinary and grievance. The quality team work closely with the training and development team, and have the specific remit of focusing on performance. This includes quality monitoring (for example, listening to calls and giving feedback) and coaching for improvement. Key performance indicators (quality, utilisation and activity) are monitored daily.

At **Macphie** opportunities for personal development mean that people can grow and take on extra responsibility. There are numerous examples of individuals starting in junior jobs and working through to highly responsible positions, as well as being supported through external qualifications. Development needs are identified as part of the annual review process with the guiding principle that 'we grow our own' and an emphasis on identifying natural aptitude and best fit.

Development is seen as a priority. Managers' interviews confirm the way in which people will be taken out of a particular function and developed in other areas if it is felt they will be a natural fit there. The importance of demonstrating that there will be a business return is also important. The emphasis is on recognising where people's basic aptitudes lie. A range of training is on offer, including support for external qualifications. This has resulted in numerous people rising through the ranks to take positions of significant responsibility.

The evidence drawn from our case studies therefore shows that learning can be an essential part of a bundle of HR practice that enables HPW to thrive. It can unlock capability, enthusiasm and trust and can thus make a difference at all levels of the organisation. However not all employees are equally ready, and finding ways to engage, build confidence and develop positive partnerships is important, particularly with those less familiar with learning.

3.2.3 Employee well-being and benefits packages

Several organisations place considerable emphasis on well-being policies and good benefits packages driven by the desire to show staff that they are valued and foster employee engagement.

Content and Code has Manager of the Month and Star of the Month reward schemes, flexible working and well-being policies and procedures. Non-pay related benefits include health and dental insurance, subsidised gym membership, fully subsidised training and personal development, 'Fruity' Mondays, childcare benefit, and a ride to work scheme.

United Welsh Housing Association have also adopted a range of similar policies around Welfare at Work. Keen on promoting healthy living, they provide free fruit. They have a Maximising Attendance policy which gives employees an extra day of leave for those who do not take any days off due to illness over a 12 month period. Staff also get extra paid leave if they have a child starting school as part of their family friendly policies. There is an active Social Committee, each department has an annual away day and there are recognition practices such as a 'Presidential' award competition every two months for staff who '*go the extra mile*'.

West Lothian Council is introducing flexible working practices through a pilot scheme followed by a gradual roll out to 15 per cent of the workforce in the next five years. Benefits of this approach are said to include increased employee loyalty and retention as well as increasing productivity. Mobile working is also thought to push expertise closer to the customer through making employees more accessible. The areas thought to be key for successful implementation are said to include IT support, HR practices including health and safety and changing job descriptions so that they are focused on outcomes. The organisation is keen to learn from best practice elsewhere and is working with British Telecom to develop the business case and learning from councils with existing experience such as Westminster and Aberdeen.

Wellbeing policies convey a strong sense of caring and concern and therefore can make a big difference to employee's engagement and their attributions about the reasoning behind people management practices. Some particular initiatives can be very important to employees such as flexibility of working hours and other family friendly policies

3.3 The importance of bundling HPW practices

The literature on HPW practices is considerable and has been dominated by an emphasis on bundling i.e. a meaningful collection of HR practices that align with each other, and which, theoretically, should also align with context to create competitive advantage. The notion of 'bundling' has become a defining characteristic of HPW (see Hughes, 2008). The emphasis on bundles has led some research to investigate if such bundles can be identified and whether they relate to sectoral or other distinctions. There has been some success e.g. Sung and Ashton (2005) found that some practices appear to be more effective in some sectors than they are in others.

The focus on how practices are combined together has led authors to assert that HPW involves more than a 'simple eclecticism' (Hughes, 2008). The suggestion therefore is that there will be a coherent range of practices in place in organisations using HPW. Just what these bundles might look like has been hinted at by survey work e.g. Sung and Ashton found financial practices in financial services organisations and high involvement practices in manufacturing. But other clues may reside in some of the theoretical models that underpin HPW. For example the 'AMO model', originally formulated by Appelbaum et al (2000) (see also CIPD, 2003; Boxall and Purcell, 2003) suggests that **Ability** (knowledge and skills), **Motivation** and **Opportunity** to deploy skills are all key elements and we might therefore expect to see coherent bundles of practices addressing these three areas. The 4 A model developed by

Tamkin et al (2005) is very similar to this, it emphasises **Access** (entry to the workplace and to appropriate jobs within it), **Ability, Attitude** and **Application** (job design, strategies and climate of autonomy). A report by the CIPD (2003) identifies 11 policies in particular aligned to the AMO model, covering recruitment and selection, training and development, career opportunity, communications, involvement in decision-making, teamworking, appraisal, pay, job security, job challenge/job autonomy and work- life balance (see further details on the model earlier in this report, in section 1.1)

It is very easy to see the various approaches adopted as a set of separate policies and practices but the distinguishing thing about our case study organisations was the fact that HPW practice was in actuality a coherent and holistic whole. For example the approach at **Content and Code** is fuelled by an underlying belief that people and culture drive success. It is the director's role to foster motivation, innovation and happiness and that has the knock-on effect of staff being customer oriented, conscious of their billable hours, remaining focussed and staying late when it is necessary. There are several clear policies and practices that contribute to this: a clear vision and organisational values that create pillars of success and are tied into reward schemes and individual progression; a strong emphasis on staff development; performance management embedded in both the system and culture that is characterised by team ownership and autonomy; and close relationships with customers.

At **Wychavon** explicit vision and values statements that are simple and clearly expressed underpin the HPW approach. High performance is dependent on joint responsibility for any problems experienced. Within certain risk parameters, the MD wanted his people not to be afraid to take the initiative to act out a solution. This attitude to risk is also assisted by a strong emphasis on development and flexibility. Openness and honesty means barriers to communication are broken down, employees understand their contribution and a sense of one team is encouraged.

West Lothian shows a similar appreciation of a systemic approach to people management. The organisation has a clear vision, leadership and strategic direction, with a particular emphasis on joint working across the different directorates so as to provide customers with a seamless service. As a consequence, great emphasis is placed on integration and a resourcing flexibility that challenges silo thinking and working. There is a strong commitment to quality standards and measurement, and development of the workforce combined with a clear commitment to continuous improvement. While the overall business strategy has a number of pillars, the reliance on people to deliver it is explicit throughout.

Overall, we can conclude that HPW practices are not an ad-hoc collation of HR best practice. What is clear is that organisations implement practices which make sense to them with the clear intent of affecting employee beliefs, attitude, capability and performance. Furthermore, all policies are not equal but there are a number of core practices introduced for each organisation that complement and reinforce each other.

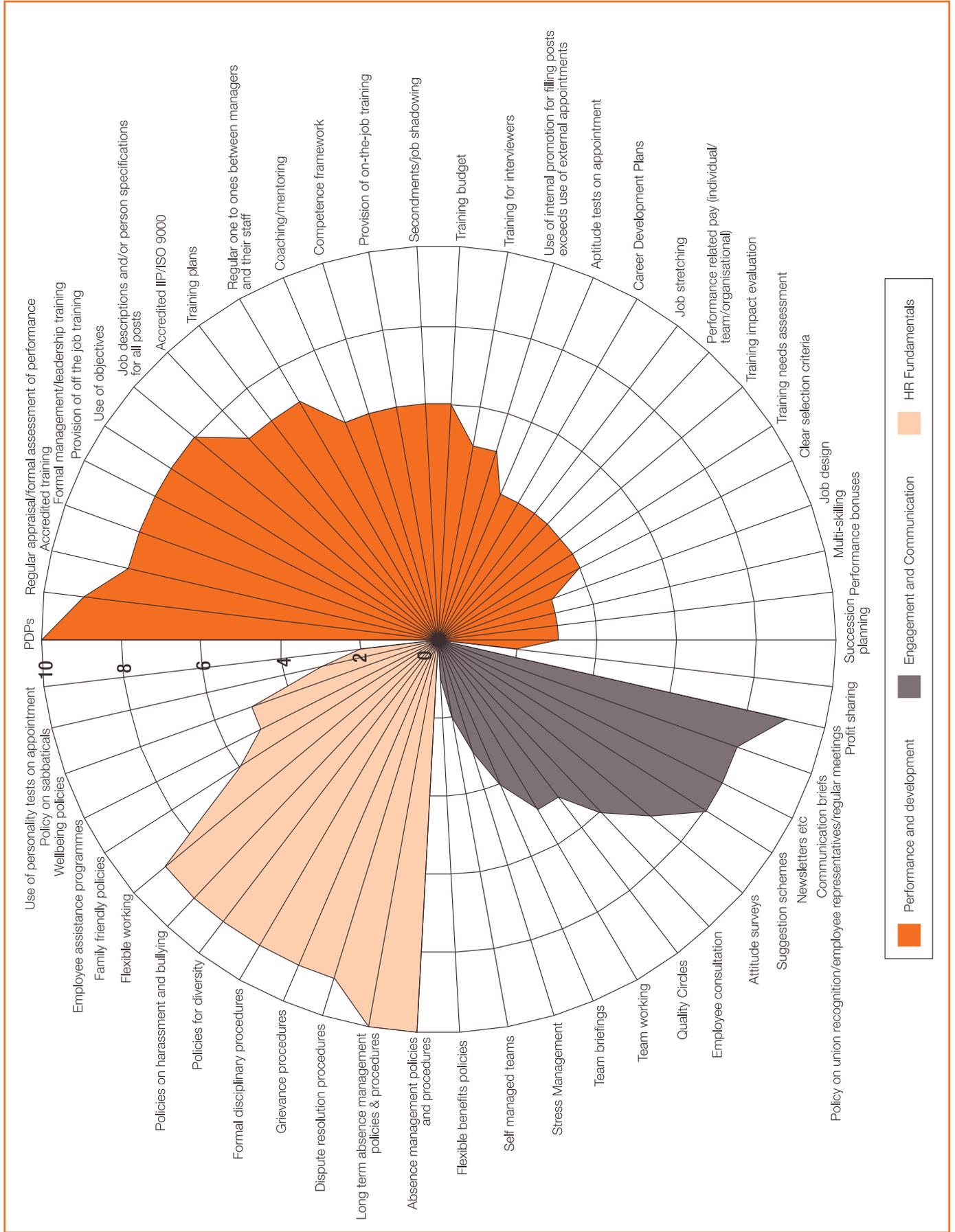
Typical bundling includes clarity and purpose (vision and values statements), performance systems (giving individuals a line of sight from their contribution to organisational performance), maximising capability (through development) and ensuring individuals are fully informed to enable them to act and to convey trust (through communication processes).

We asked our HR interviewees to cluster the policies and practices they had into bundles and then to explain them to us. Each interviewee did so slightly differently but there were commonalities between them. Common bundles were around performance and development, communication and engagement, and HR fundamentals.

Figure 3.1 illustrates how the HR interviewees predominantly bundled the selection of practices and the number of organisations who had either implemented or are in the process of implementing.

Over half the practices that were placed together had a performance or development focus. Seven were used by at least eight organisations and over a quarter were employed by at least six of the organisations. The most popular practices were personal development plans and regular performance appraisals. About a quarter of the practices which were bundled together had an engagement and communication focus. The most popular of these were policies on trade union recognition or employee representatives, communication briefs, regular newsletters, suggestion schemes and attitude surveys. The remaining quarter of practices and policies were generally thought to be HR fundamentals. These were the most consistently present in the case study organisations with eight of them present in at least nine organisations including absence management, dispute resolution procedures and grievance mechanisms.

Figure 3.1: Bundling and incidence of HR practices among case study organisations



Most of the policies and practices were clearly bundled into one of these three groups. However, there were a few practices where it was unclear where they belonged. The vast majority of these practices were HR fundamentals which are often labelled as HPWPs including:

- *1-1 meetings*: Three out of the seven linked this to engagement and communication.
- *Flexible working*: Three out of nine linked this to engagement and communication and one linked it to performance and development.
- *Family friendly policies*: Half felt that this was linked to engagement and communication.
- *Well-being*: Well-being policies were employed by five organisations and were linked to all three groupings.
- *Policies on trade union recognition and employee representatives*: Three out of nine linked this to HR fundamentals.
- *Policies on diversity and harassment and bullying*: Two out of nine organisations linked these to communication and engagement.

In addition **Autoglass** and **United Welsh Housing Association** clustered resourcing policies and practices together as a distinct cluster.

The HR manager at **Content and Code** clustered HR practices somewhat differently putting together those policies that related to the employee lifecycle:

Design	Resourcing	Development	Performance	Maintenance
Job descriptions and/or person specifications for all posts	Clear selection criteria	Training needs assessment	Performance management	Employee retention
Job design	Use of internal promotion for filling posts exceeds use of external appointments	Provision of on-the-job training	Performance related pay	Career development plans
		Accredited training	Objectives	
		Training plans	Competence framework	
		Off-the-job training	Regular appraisals	
		PDPs	Performance bonuses	

3.4 Lessons to learn

Our case studies show that performance and development processes are generally seen as closely aligned, with appraisal and development plans being at the core. Development processes included training plans, mentoring, on- and off-the-job training, coaching, secondments and job sharing. Other policies cluster around performance clarity including objectives, one-to-ones, job descriptions, person specifications and, occasionally, competence frameworks. Communication features as a cluster of activity, either in its own right or alongside another cluster of activity (e.g. well-being policies). The majority of organisations that employed some HPW practices, such as flexible working, wellbeing policies and family friendly policies, grouped these with other HR basics, suggesting that these organisations see these as non-negotiable parts of the HR function rather than innovative practices

There was certainly evidence from the case studies of distinct bundles of practices generally driven by a desire to deliver an aspiration. We found two distinct philosophical drivers that resulted in a cluster of practices: employee engagement and empowerment, with communication supporting both of these.

Our analysis of practices themselves suggested that recognisable bundles of practices that could be mapped clearly against ability, motivation and opportunity were not as visible as we might expect. Rather we had three bundles of practices which were particularly dominant and which can be compared in part to the AMO model: development and performance management tended to be clustered together; engagement and well-being practices similarly clustered; and then a group of practices which might be thought of as HPW fundamentals. This suggests overlap with AMO but not alignment.

Of these groups the performance and development group was by far the largest with PDPs and appraisals the most frequently mentioned practices. About a quarter of the practices were bundled into performance and engagement including employee relations and communication. The remainder were basic HR policies that were similar throughout all our cases studies.

Our case studies suggest that organisations develop a coherent set of practices which support an explicit philosophical position that relates to HPW. In this sense all practices are not equal and each organisation puts particular effort into a small number of core practices which drive belief and behaviour.

There was no evidence for sector driven bundling or for bundles of practices that fell into distinct AMO or any other theoretical clusters. We suggest instead that organisations develop specific practices that are seen as drivers of change within their individual circumstance. In this sense theoretical clusters may be helpful as tools to structure thinking and/or understand these approaches but should not be seen as rigid or constraining in any regard.

Having looked in detail at the HPW approach and its practices, in the next chapter we will make an assessment about the impact of these on our case study organisations' performance. In addition we will also look at the employees' experience of HPW and explore their views and perceptions of impact these have on their working life.

4 Impact of HPW

We will now look at the impact HPW has on our case study organisations, with a particular emphasis on employee's perception on this. Overall, our case studies confirm the evidence from research in this area and show a considerable positive impact on organisations from the HPW practices implemented. We found that an approach that promotes mutual gains and autonomy with consequent HR policies around communication, learning and performance can result in better performing organisations.

In the existing literature, all models conceptualise HPW as leading to improved organisational outcomes. The AMO model, for example, conceptualises the impact of HPW in a linear way: HPW practices impact on employees (on their abilities, motivation and their opportunities to make use of these), and this in turn influences organisational performance. The 4A model creates a dynamic interplay of the various elements. They both highlight a crucial step in the chain of impact; HPW practices result in employees voluntarily engaging in extra effort (attention to the customer, hard work, extra risk and so on). This suggests that HPW creates the conditions for additional effort and hence performance benefits. Key to the success of HPW therefore is the encouragement of discretionary effort, or employees being prepared to voluntarily to do what is required to perform a job well. More recent conceptualisations have placed greater emphasis on interpretations of practices by line managers and perceptions of practices by employees (e.g. Purcell and Kinnie, Boxall and Macky, and Nishii et al) as being key to a positive link to performance.

Our case studies present coherent and compelling stories of mutual gains, of the advantages of engagement and of strong beliefs in the value of people. Predominately this is taken from the perspective of leaders and HR experts. Given the literature on implementation and perceptions of policy and practice it is important to also take into account what line managers make of the activities of organisations. Finally, we will also look at employee's and staff representative's perceptions of the HPW approach, drawing on our case studies as well as additional research conducted via focus groups and a small survey. The purpose of this is to explore the degree to which line managers and employees hold positive attributions regarding their employer, the HPW approach and practices.

4.1 Line managers' views on the overall HPW approach

The role of line managers is increasingly recognised as being crucial to successful implementation of HPW. HR policies and practices may be important factors but these need to be consistently applied and seen to be fair by employees. This response by employees is generally believed to be predicated on how they are interpreted and operationalised by managers (Sung and Ashton, 2005). The literature suggests that in order to successfully

implement HPW, line managers need to be given the right tools in terms of the practices and policies themselves, but also given appropriate training and support from middle and senior managers. Indeed, if HPW is poorly implemented or if employees perceive it negatively, there is a danger that this can undermine the commitment and discretionary work effort that the approach is intended to promote (CIPD, 2003).

Our survey of chartered managers revealed that in the wider management population, views on people management practices could be confused and inconsistent. This survey showed that managers were aware of a wide array of practices with almost universal recognition that their employer used practices around clarity and communication (e.g. objectives, team briefings, regular 1:1), practices on development (e.g. on the job training, training leading to qualifications) and practices on selection processes (e.g. interview techniques training). Other common practices were job descriptions, use of coaching or mentoring, policies on harassment, short and long term absence procedures, union recognition, management development, stress management, personal development plans, regular appraisal, wellbeing policies, use of competence frameworks, staff attitude surveys and newsletters. Of these various practices, the most important for managing people were felt to be objectives, regular one to ones and personal development plans. The majority (80 per cent) thought there was either some or considerable inconsistency in interpretation of practices by managers.

When asked what they thought of the people management practices in their organisation, the majority of managers surveyed thought they were an essential part of managing people well. However there were mixed views as to whether practices were well designed and easy to operate and similar mixed views as to whether practices were overly complex, with half of our sample believing that they were. The most popular organisational reasons for having the practices in place were to get and retain good people and to increase productivity (between two thirds and three quarters of respondents), just over half also mentioned seeking to create better quality goods and services or a better working environment. Only a third of managers thought their organisation was trying to raise engagement or increase innovation and even fewer (one in five) were trying to create better jobs. This was reflected in views on the dominant general philosophy regarding people management. Around 40 per cent thought their organisation was trying to maximise efficiency and effectiveness, about a third were trying to create a great place to work and one in five were seeking an approach of mutual gains.

We also asked managers what the effect of people management practices were on employees. Nearly all thought that employees viewed practices as the 'way things are done around here', around half believed employees felt them to be of mutual benefit, 40 per cent thought employees would see practices as control mechanisms and a third as about making them work harder.

Looking across responses we might expect that there would be patterns of response so that an overarching people management philosophy would be reflected, explaining why organisations have certain practice and what the employees think of these practices. We found some degree of consistency in about a third of the respondents who both articulate a people centred philosophy alongside a desire to raise skills, give better jobs, improve the working environment and increase productivity and quality. In these organisations employees are felt to believe that HR practices are of mutual benefit. The remainder either articulate a people centred philosophy but with little evidence that it is reflected in the objectives for people management practices and an acknowledgement that employees tend to see practices as control mechanisms. Alternately, they have a non-people centred philosophy (effective management or control) and yet also seek to raise engagement, create a better environment and perceive employees as holding varied views on the what the organisation is seeking to achieve. It would be dangerous to read too much into this small sample but the evidence suggests that managerial and organisational understanding of the holistic demands of a people centred approach is only appreciated by the minority.

In our case studies we encountered a lot of positive views on HPW. For example, managers at **ACCA** were very positive about some of the changes they had seen being made to the HR function and its strategic importance, which were greatly valued by line managers. Comments included:

'I've got the impression we've got real HR professionals in place now'

'The induction system for new managers was pitiful, but now with the new HR team they make really useful suggestions'

'There was an understanding that if we're going to do things properly around the world, then we've got to have proper HR in place'

At **gem**, managers commented that having all HR activities carried out in-house was a positive feature of the function. Specific reference was made to the fruitful way in which managers were able to work with HR on recruitment, to get the right people in for each contract, taking account of the brand and the required skills: *'We can tailor, for example, to get the right balance of verbal and written skills'*. Operational managers also felt that the Employee Relations team played a key role in ensuring that policies and practices were implemented consistently, tackling any inconsistencies straight away.

Line managers at **Macphie of Glenbervie** viewed HR processes as a support rather than a hindrance, and felt that having formal procedures for issues such as disciplinary procedures was *'comforting'*. A common set of managers' handbooks help managers to know where the boundaries are and managers emphasised the positive outcomes that resulted from the overall approach.

Senior line managers at **Wychavon** were in agreement with the views of the directors and the HR manager: communication at all levels enhanced by the open door policy had the effect of ensuring people were working together not against each other. It was noted that this notion of working together was lived in the 'day to day', with no bickering and infighting. Overall there was a strong message and belief in *'Team Wychavon'*.

United Welsh's line managers were very positive about consulting with staff, both through the partnership with their union, and across and within teams, to get ideas to develop the business. The positive changes seen by managers was attributed, in part, to the creation of the Partnership Manager role. The small size of the organisation was also seen to facilitate the process, allowing people to come up with ideas that will be heard. Managers commented that it was important to build confidence among staff to enable them to feel comfortable to put forward ideas.

Line managers at **Wychavon** spoke of the preponderance of **empowering** people and the fact that there was a freedom of approach and lack of constraints on delivery. It was observed that everyone in the organisation takes pride in doing things differently which has direct impact on creativity. **Wychavon** was consistently described by line managers as risk taking, innovative, fleet of foot, open and interested in ideas:

'The strapline here is 'Entrepreneurial not municipal' and we mean it'

'We are innovative not just in the big stuff but right down to the small projects'

'Lots of organisations try to jump on the problem but we don't do that, here the first reaction is to sort it out'

'There is sound momentum to change here, we just do it, we don't drag behind the idea'

Managers at **Merseytravel** confirmed the effectiveness of the overall learning based approach. Interviewees described the workforce as more diverse thanks to a livelier environment stimulated by the learning regime, with a significant impact on good customer service. Training is viewed as key to empowerment, with people being encouraged to make decisions and try new things. However, the experiences of managers also reflects the fact that different parts of the organisation are at different stages of the journey. While empowerment was seen as a hallmark amongst bus station staff, with people trained to operate at a higher level than their grade so that they are confident to take decisions, the change process was still 'in development' in Tolls.

West Lothian managers' interviews reinforced the emphasis on involvement and improvement initiatives: *'frontline staff are involved in helping to reshape and review our services'*. They commented that staff members are all involved in the audit process and one of the main outputs of the process is an improvement plan. The involvement approach also extends beyond formal processes and managers felt that people can suggest improvements at any time: *'folk come up and say 'why do we do that?' It's very much bottom up'*. The benefits of the focus on involvement are seen to include increased buy-in to change: *'Because front line staff are involved in the change, staff are much more willing to get on board, and to take on change and challenge'*.

Managers at **United Welsh** described a philosophy of empowering staff, and felt there is a lot of room for staff to have an impact. It was felt that staff have a lot of freedom to make decisions and also to learn and develop, but managers highlighted that staff need to know what they want to do from a development perspective. Managers acknowledged that the highly regulated environment in which United Welsh operates means staff also need to know when they can change things and when they cannot.

4.2 Managers views on processes

We have seen that the HPW processes and practices in this study cluster into three distinct bundles. Line managers were asked what practices were in existence and which were particularly important to the organisation in terms of its ability to manage people. Two distinct clusters emerge around **performance** and **learning**. We will look at these in more detail below.

West Lothian line managers highlight the importance of supervision, monitoring and expectations of high performance, stressing the role of the performance review process, together with the in-house audit tool as key assessment tools. Team working across the different services is also viewed as a key influence.

Benefits of the performance process are seen to include both an increased understanding of contribution and also acknowledgement of what has been achieved:

‘The PRRPD process helps you focus on what people should be doing, and to recognise their achievements’

‘It’s important that people can see how what they are doing fits with the Council’s outcomes’

At **Content and Code** line managers also noted the importance of the performance review system in maximising key aspects of performance such as billing time.

For line managers at **United Welsh**, the follow-through of corporate objectives all the way to individual staff objectives was highlighted as a key HR practice. They believed it should be possible to link everything staff do with a corporate objective or corporate target. At every single level in the organisation staff understand why they are doing what they are doing because it feeds into a particular corporate objective.

At **Pilot Drilling Control**, line managers describe the value staff place on positive feedback, being told when they have achieved positive outcomes and not just being called in when something is wrong.

The PDR process is viewed as a key catalyst for change at **Merseytravel** as well as helping managers forge closer relationships with their teams. Managers receive a day’s training each year to update them on changes to the PDR process. While tweaks to the system can feel confusing, the need to adapt the process was understood and the formal update is viewed as helpful. A key challenge mentioned by managers, faced particularly in the early stages of the change process, was the requirement to release staff for training while still delivering the same level of service. Initiatives such as the company paying back time taken for ‘skills for life’ learning done in non-working hours, and flexible working to allow for cover, were all felt to have helped ensure success. The achievement of Investors in People (IiP) and being awarded IiP Champion status were identified by managers as key milestones, both helping the organisation reflect on its approach and as a demonstration of the organisation’s commitment to its people. In house learning awards are viewed as a similarly valuable symbol.

At **West Lothian**, managers cited an online database of available training as an example of employee involvement as it allowed people to identify their own training needs in line with business needs which could be brought to the PRRPD discussion. Managers described the

philosophy at **Pilot Drilling Control** as one of 'bringing people on'. They described frequent 'buddy training' and 1-1 on-the-job training. Line managers believed the organisation took development seriously and could not think of a case where a member of staff's request for training was turned down. They also commented that they are respectful of staff's wishes regarding their development; if someone is happy doing their role and they do not want to develop further or become a supervisor then they will not be pushed into it.

At **gem** managers commented on the company's strong development focus, and its belief in promotion from within wherever possible.

Managers at **Macphie of Glenbervie** stressed the importance of developing people in a way that recognises aptitude and also business need. They commented that the value of the appraisal and personal development planning processes is recognised and seen as contributing to low turnover.

4.3 Employees' views on HPW

As we have seen in the literature there is considerable emphasis on the importance of employees' perceptions of the rationale for organisational action. Our employee groups were therefore particularly important. In discussions on the organisation and its approach to people, two areas of people management were mentioned; communication and empowerment:

At **ACCA** focus groups with employees voiced positive views regarding communication efforts:

'You get the sense that it (the employee survey) is taken seriously and acted upon. You see things change'

'The employee survey looks to address key issues and I think that's quite powerful'

At **Wychavon** there were similar positive views:

'Staff are kept informed through regular staff briefings and updates on intranet and 'aspire', the staff magazine, for example every time you log in at the beginning of the day there is a message from the MD'

'All thank-you letters received by the Council are sent round to relevant staff so know about them'

'They tell you the bad news as well as the good, there is no sense of secrecy'

The communication infrastructure at **Merseytravel** is viewed positively, especially team briefings and the official Rumourmill facility. It is felt that there is a commitment to passing on information, though this is seen to be harder for managers in Tunnels and Ferries because of the practical constraints of dispersed staff and shift working.

At **United Welsh**, employees commented on the good internal communication, from 1-1s and team meetings up to staff meetings which the Chief Executive attends. The Chief Executive and senior management team were seen to be very approachable. Staff described a strong sense of teamworking and good communication within teams through regular team meetings, stating that these let people know what they are working on and reinforce that everyone's working towards the same goal.

The collective voice that staff have in the union, which canvass opinions from all staff including non-members, was also commented upon, as was its involvement in all HR issues via the partnership approach. Employees felt it was reassuring that the unions are there to look after the interests of staff.

The senior management at **Pilot Drilling Control** were seen to have an open door policy and described as very approachable. Employees commented that if you want to voice an opinion then it will be heard, and they will always explain the reasons for any decisions.

At **gem**, employees particularly valued their 1:1s, which they felt managers took very seriously:

'They make a point of doing 1:1s. They're scheduled in for a certain time on a certain day'

'Things are actually actioned and done'

Staff at **Macphie** highlighted their open communication approach *'There's an open door approach from the top down. Alistair [the CEO] is very approachable, he always sits with people at lunch'*. The consultative committee was also viewed as a welcome innovation by staff; while the robustness of the process was stressed, there was confidence that every question would be answered.

Employee interviewees at **Merseytravel** described a shift to self managed teams, with an increased emphasis on multi-tasking. This was seen as positive and adding to people's sense of security because of the contribution they can make to the organisation. This practical sense of empowerment is reflected in a confidence that decisions made by team members will be respected and that if a mistake is made it will be seen as an opportunity to learn. Training is viewed as fundamental to the role *'giving us the tools to do the job'*.

Employees at **United Welsh** reported autonomy and responsibility to organise their workload themselves, and are given opportunities to use their own judgement in their work. Similar reports were made in the focus group at **Macphie of Glenbervie** regarding a high level of autonomy: *'you're left to get on in a good way, the support is there if needed. HR's door is also open with my issues with staff management and guidance'*.

Employees at **firmus energy** echoed this, and expressed that they feel trusted to make decisions, but can ask managers for support if they need it. Employees consider that they have a high level of influence on the organisation, having opportunities for input through the suggestion process and team meetings, as well as a recent independent qualitative review of managers.

At **Content and Code** the culture of the organisation was described as young, energetic, free, diverse, creative, relaxed, approachable, competitive and dynamic. The success of the company was felt to be due to hard work, the people and their skills and personalities, the high standards of the organisation, and the creativity demonstrated through new approaches and the specialisation.

At **Wychavon** employees spoke of a doctrine in the organisation of *'you do the best you can'*. They felt the organisation was very much customer focused and the core of these approaches was embedded in the selection processes adopted. The Council looks for and finds people who are easy to get on with, focused and care for customers. They specifically mentioned recruitment rounds that had failed to appoint anyone as proof of this rigour. Others reflected on their own recruitment experiences where they were left thinking that they would *'like to work with these people'*.

Employees mentioned the high levels of trust in the organisation *'they trust us, we trust them'*. They believed the organisation seeks to keep staff happy and in that way get the best out of them. The organisation was also seen to be very forward thinking and willing to take chances. As a result employees felt that the organisation was moving forward all the time which generates a sense of enthusiasm and motivation and prevents stagnation. Employees are proud to work for the Council, which they felt is in stark contrast to 'normal' local authorities which have poor reputation. These positive views embraced much of the Council's activity:

'Everyone gives a damn, people put something back'

'There are fantastic people, everyone does an extra bit even if inconvenient'

'It's family, that's how it feels'

It was clear, when speaking to the group of agents at **gem**, that the claims made by **gem's** managers relating to the company's open door policy, its valuing of people's suggestions, and consistent applications of policies were largely borne out. Agents valued their autonomy (in the way they delivered the work as autonomy of scheduling was not possible), for example they were not scripted, instead having freedom to relate to the customer and sort out any problems in their own way. Those who were doing especially well were often asked to share their approach with colleagues. Agents also felt that their opinions were constantly being sought, and that they could at any time make a suggestion for improvement or raise a concern. They shared the view that although there was not always complete consistency in the way that teams were managed, managers were very consistent and fair in the day to day handling of people.

At **United Welsh**, employees emphasised that the organisation gives out the message that it cares for its staff and tries its best to develop them, and is very strong on sticking to what it says. It is keen to promote work-life balance through its family friendly and flexible working practices. This is seen by employees as a key factor in attracting some staff to United Welsh, and helps in what staff give back to the organisation. It is also very supportive in developing staff; the organisation was seen to invest heavily in its staff and pay for training towards professional qualifications. For employees, retaining Investors in People showed that the organisation cares for its staff and wants to develop them.

Staff at **Pilot Drilling Control** feel the values have had an impact on the organisation and on the way they do their jobs. For example they can look at the Employee of the Month, see what they have done and see if they can follow that. Values are particularly useful for the younger trainees as they set out what the ideal culture is and provide guidance. Values also provide the opportunity to challenge behaviour; it was highlighted that not all staff are following the values all the time, which can have a negative impact on people, but others are able to use the values to challenge any such behaviour.

It was noticeable at **Wychavon** that employees have very positive views about the organisation. However, when asked about people management or personnel practices they mention very few. Rather their experience is not identified as being about people management practices per se, instead they speak about '*the way things are done around here*'. When they do refer to specific practices it is in the light of personal experience:

- Positive views about the Council's long-term absence policy from those who had personally experienced return to work interventions. The concern shown by the Council was felt to be very important in their return.
- Other well-being examples were given such as the Council's response to the 2007 floods when the housing team were under extraordinary pressure. The Council arranged counselling sessions for everyone. There is an employee support scheme available to both employees and their families. Other well-being initiatives include subsidised gym membership and MOT health checks.
- Flexibility is very important to people. There is a right to ask the organisation for a change in hours and these requests are normally explored positively.
- Development is well supported, individuals can shadow others, access specialised training and it is not always prescribed by the demands of the current job but also looks to future development.
- Progression opportunities are generally felt to be good, although not all staff feel that progression is available to them. Some mentioned the emphasis on attitude rather than rigid skills sets encourages movement.
- The PDR scheme was seen as being very useful. The emphasis on development, on being able to reflect on what have done in the past and where you want to go next was much appreciated.

4.4 Staff representatives views on HPW

We also held a TUC sponsored discussion group with trade union representatives from a range of sectors, to explore high performance working. This group articulated some strong views about barriers to HPW from their experiences of working with organisations in many different sectors and circumstances. Their greatest concern was that they saw empowerment as all too often being a hollow concept with jobs increasingly ‘dumbed down’ through automation, lack of autonomy and de-skilling. The drive for this was felt to be, in part, the result of a target culture in many organisations with too great an emphasis on performance metrics. This creeping de-skilling and diminishing autonomy was seen in a wide variety of industries from call centres to education.

Another barrier was felt to be divisive and damaging performance management systems that set individuals or teams against each other, with particular mention of forced distribution performance ratings being antagonistic to high performance working. Culture too was seen as a potential barrier with too many organisations not developing staff and not appreciating the importance of trust in the workplace. Middle managers often reflect the culture and if this is low trust or performance driven, they are unlikely to display the management behaviours essential to HPW. Sometimes middle managers have not been convinced of the power of better people management so that even where senior managers are positively disposed, this fails to cascade through the organisation to make a difference to those on the front line. Pressure of work can also act as a barrier with insufficient time available to develop people.

It was suggested that in some ways the trade union movement has been slow to see learning and skills as legitimate activity and this has not helped either. The positive examples that union representatives draw on include employee involvement schemes, up-skilling of junior staff, use of apprenticeship schemes, wellbeing policies, personal development activity and union engagement with learning through Unionlearn and learning centres. These positive examples were seen to depend on: key players having a positive approach to people management, a creative approach to a business issue which included engaging employees and their representatives, award based initiatives acting as a catalyst (e.g. liP, Apprentice of the Year) and a genuine partnership with a trade union which understands the HPW agenda.

Overall, looking at managers, employees’ and staff representatives views, we can conclude that managers particularly highlight communication and empowerment as broad approaches to managing people. Managers also mention performance and learning processes and practices as being useful in terms of the impact they have on employees and the way they can assist managers in their work. Generally, managers appreciate philosophies and practices which impact on the clarity with which they can manage others, that set expectations and which enable them to grow and develop people.

Outside of the case studies, a small survey of managers suggested that there were frequently confused approaches to HPW with considerable inconsistency of adoption. Organisations rarely implemented people management practices to raise engagement or to create better jobs and only a small minority had a philosophy of mutual gains.

Employees value openness and the opportunity to understand 'what is going on'. They also comment frequently and favourably on their increased job autonomy and empowerment. Furthermore, it becomes clear that when staff have a strong sense of feeling valued and appreciated by managers and believe that managers care, there is a strong sense of loyalty. The flexibility of work is important to many. Most of our case studies are very responsive to requests for flexible working. Employees also value the social setting of the organisation; the relationships they have with colleagues and the general friendliness. For some there is a pride in working for an organisation that has aspirations and is successful and forward looking and challenging the existing ways of doing things. A high degree of autonomy and trust is core. This is valued both in terms of being personally trusted and given the freedom to do the job but also in working with people who can be trusted and respected. A non-hierarchical culture produces a positive response; the accessibility of managers is prized and appreciated.

Trade union representatives see a wide range of barriers to the implementation of HPW in the workplace with particular concern regarding diminishing levels of autonomy in a range of sectors. Other barriers highlighted include oppressive or divisive performance management systems and cultures or line managers who fail to appreciate the value of HPW.

What emerged very strongly in our case studies were positive and convergent views around the rationale for the organisation behaving as they did and firm positive beliefs in the intention of leadership. Specific comments were made by line managers regarding communication, the desire of the organisation to be empowering, the focus on risk taking and innovation and the importance of performance processes. These line managers believed and supported their organisation, they were enthusiastic and positive regarding the changes that were being made and also provided verification of the views of others as to the focus on a few really important key practices.

Employees similarly expressed strong positive views on communication, doing what is promised and a genuine sense of empowerment. What was interesting was less emphasis on practices per se but a strong appreciation of the intent sitting behind them. This supports the literature which suggests that implementation is key but also indicates that the practices themselves are relatively unimportant.

4.5 The outcomes of HPW

There are many benefits experienced by organisations, some of the most compelling are associated with overall **performance** and improved **quality** and **customer care**. In addition, we have found positive outcomes such as increased **employee engagement** and **employee capability**, which we will outline in more detail below.

Wychavon was rated 'excellent' in its Comprehensive Performance Assessment (CPA) and one of only three district councils to achieve top marks in the Audit Commission's 'Use of Resources' assessment for three years running. It is the only district in the country to obtain a top score of four for 'Value for Money' from the Audit Commission for three consecutive years. Over two thirds of performance indicators are top quartile or above average with 78% of 'promises' fully delivered during the year.

United Welsh tracked a number of key performance indicators over the period between 2001 and 2005 which covered the introduction of the Partnership project and the Great Place to Work competition entries, and saw improvements in external KPIs such as rent arrears and rental voids.

The performance related pay scheme at **Content and Code** was believed to be directly responsible for increased productivity; all staff are now more focussed on customer service and they have seen increased sales and billable hours. The company has also collected an impressive set of awards: 2008 Deloitte UK Technology Fast 50 (ranking 8th out of the 50 fastest growing companies in the UK); Growing Business' Young Guns 2008 and Microsoft UK Search Partner of the Year 2007.

At **Wychavon** there has been some very public recognition of success: It is only the third authority to gain Charter Mark accreditation for all of its services. It received the Council of the Year 2007 award and excellent status from the Audit's Commission's Comprehensive Performance Assessment (CPA) regime. 'Better Not Busier' is the tagline for the year and this is applied across all activity in the Council. **Macphie** has very high levels of reliability due to the mastery of complex processes built up through a combination of familiarity and experience. **gem** is accredited by the Call Centre Association which includes a full audit of people management practices. **Merseytravel** spoke of a better working environment, with more empowered, more flexible staff who deliver better customer care and an increased level of service. **West Lothian** commented on very low levels of customer complaints. **firmus** report customer satisfaction levels of 98.6 per cent (measured by the question 'would you recommend firmus to friends and family?').

Merseytravel have seen a four per cent reduction in staff turnover and a three per cent reduction in sick leave due to HPW practices. Absence levels have reduced in some areas by almost 25 per cent with direct impact on costs and customer care. There have also been benefits from better employee relations, whereas policies used to 'bounce around' the unions, a joint consultative forum now means there is a more coherent approach and there has been a move away from a grievance culture. Managers also feel more comfortable in their role and more confident. In addition, length of service has increased, and there is greater loyalty to the organisation.

At **United Welsh** line managers and employees both agreed that the family friendly and flexible working policies had a major impact on the organisation. Similarly there was a belief that if staff are able to build up flexi-time hours and take extra time off when required it will be reflected in their motivation, attitude and performance, although these attitudinal shifts have not been directly measured. There were, however, measurable improvements in internal KPIs such as staff absence and retention.

Wychavon came second in The Times Best Councils To Work For 2007 awards and the Managing Director Jack Hegarty won the 'Best Leader' award, which is presented to the person whose workforce feels that their leader is most inspirational.

West Lothian engaged with the EFQM model (a quality framework) which showed that leadership was strong, while the staff survey demonstrated that employees generally feel that their contribution is valued. Positive benefits of the organisation's people strategy include a low attrition rate, with good return rates following maternity leave.

Similarly **Pilot Drilling Control** has experienced reduced leaving intentions and an evaporation of tensions within the workplace as a result of a reorganisation that created greater transparency over position and the creation of roles that link design and workshop teams together more thus creating greater team spirit and more effective team working.

There has also been a significant boost to staff morale at **Content and Code**, recognised through winning the Best Companies Award 2009, as well as good internal staff survey results. Similarly there is very high staff retention rate (97 per cent) and low levels of short-term absenteeism.

Employee survey results at **Autoglass** are very positive with high levels of satisfaction and engagement. Overall engagement is scored at 74 per cent and positive affect regarding the organisation is also scored at 74 per cent. 73 per cent say positive things about the business and 82 per cent agree that they expend discretionary effort on behalf of the organisation. The organisation also feels it has good length of service results, with an average of nearly 7 years. Even within the Autoglass call centres, average length of service is nearly 3 years which is much higher than the industry average.

firmus has high levels of staff retention, low absence levels (half the average for Northern Ireland) and high levels of internal filling of posts (70 per cent). There is a general view (from surveys, qualitative research and suggestion boxes) that employees are highly motivated and clear what is expected from them. Staff feel trusted to make decisions and confident that they can ask for support.

The HR Director believes that **gem's** relatively low absence rate (five to six per cent) is indicative of its culture of listening and caring. The high response rate to the employee survey (80 to 85 per cent) indicates that employees believe that their views will be acted upon.

In terms of employee capability, measurable benefits at **Merseytravel** include: over 90 per cent of staff now have qualifications at Level Two or above; and the company now mostly promote from within because there is confidence in the quality of their own people, which also enhances their ability to recruit and retain staff.

Bringing in the Automotive Technician Accreditation has impacted on productivity at **Autoglass**, similarly systems training for Customer Services staff in branches demonstrated improved branch KPI results.

Line managers at **Content and Code** were quick to state how rapidly and effectively people respond to performance reviews. One line manager stated '*a couple of bad reviews had dramatic effects on people's behaviour*'. Similarly the performance review framework has had a significant effect on staff's 'soft skills' and client satisfaction has increased.

Pilot Drilling Control report that there has been an increase in staff seeking feedback on performance and development issues helped by the use of learning style tools.

gem evaluates the performance of its people management practices carefully through a mix of HR audits, Return on Investments (ROIs) and training evaluations. Training evaluations are carried out for all training activity and the gem coaching programme was piloted and evaluated successfully before the company invested in ILM level 3.

Overall, we can conclude that since adopting HPW organisations have shown significant performance gains. HPW is frequently seen as part of a major thrust to deal with issues which were constraining performance or as a part of a way of being which maximised business outcomes.

Performance is not an outcome pursued for its own sake rather these organisations want to deliver something exceptional; great customer satisfaction, a great product. There is pride and aspiration that sits behind activity. Consequently the pursuit of quality, innovation, staying one step ahead of the competition, finding a competitive advantage that centres on doing better is at the centre of the philosophy for these businesses.

The pursuit of performance and being better is underpinned by a fundamental belief in the importance of people to drive success. These organisations believe in mutual gains. They also intuitively understand the systemic effect of combining engagement, capability, and autonomy to provide exceptional performance.

5 Conclusions

In this concluding section we will look at the emerging themes which have come out of our case study research, highlighting what works best in practice and drawing out some lessons for employers and policy-makers in terms of the adoption and implementation of HPW. Before we do so, however, it is useful to remind ourselves that HPW is a crucial means to improve the utilisation of skills in the workplace rather than an end in itself. HPW therefore encompasses the bringing together and implementation of a number of practices in a holistic way to effectively manage an organisation, generating real benefits to the organisation and those that work in it.

5.1 Emerging themes

Firstly, looking at the drivers and decisive factors behind the initial shift towards a HPW system, the role of **leaders** has been critically important. This might be incoming CEOs instigating a new approach or longstanding CEOs continuing the journey towards HPW, embedding and maintaining commitment towards HPW. Leaders are deeply influential in setting the tone and the ambition of an organisation and they also build a guiding coalition of other leaders. The leaders in our case studies have been driven by the desire to create a high performing organisation and the **belief** that people are key to this. Another theme that emerged was the importance of a competitive **business strategy** that sees the workforce as crucial for quality, as one of the main drivers behind the initial adoption of HPW.

Supporting leaders, the **HR function** is an important partner in the change process. HR strategies can complement change and create greater clarity around shifts in organisational culture. Furthermore, HR undertake much of the nuts and bolts of implementation; data gathering, engaging stakeholders and creating the conditions for effective implementation. HR practices are not the key, but nevertheless an important integral element to HPW systems as they are responsible for the effective running of an organisation. They also contribute to strategic organisational objectives and organisational performance through, for instance, effective recruitment and selection and workforce planning and employee well-being and work/life balance, e.g. through flexible working practices.

In order to be more effective, HR might be strengthened through re-centralising or recruiting additional expertise. Smaller organisations tend to seek **external expertise** such as parent companies or consultants to instigate HPW practices. Secondly, in terms of the successful implementation of HPW, appropriate **structures** are important to embed a culture of autonomy and responsibility. Rather than threaten the HPW approach, challenges such as the recession, facing our case studies have tended to enhance or strengthen the importance of a HPW

philosophy to success. We heard from several of our case studies that imposing structures i.e. creating processes and practices in an organisation that may not have had them previously, can be liberating as it enables managers to focus on managing and leading with confidence. This might be considered a contradiction to increased flexibility of structure also seen in our organisations, however it is likely that both are helpful; flexibility of approach combined with clarity of process ensures that the HPW approach is applied consistently throughout the organisation.

Thirdly, we have seen that underlying core principles based on **employee engagement**, **empowerment** and **communication** are fundamental prerequisites for the successful implementation of HPW practices. The workforce must be involved in implementing HPW to gain their buy in. The case studies revealed a strong sense of **loyalty** among employees when they feel valued and appreciated by managers. Equally important is a high degree of **autonomy** and **trust**. This is valued by employees both in terms of them being personally trusted and given more autonomy in relation to their job. A **non-hierarchical** culture is valued; the accessibility of managers is prized and appreciated. Organisations also need to ensure that good data is available for individuals and that it is combined with good and regular feedback on performance. It is also important to carefully align the HPW system with the needs of the organisation and to engage people in this. Communication across the organisation needs to be clear and it is important to find a positive message when communicating these changes to employees. Furthermore, in order to ensure a successful implementation of HPW across the whole organisation it is important to seek consistency and train managers adequately.

Finally, it is important to highlight that HPW practices are not an ad-hoc collation of best practice in the areas of human resources management, work organisation employment relations or organisational development. What is clear is that organisations implement practices which make sense to them with the **clear intent** of affecting organisational performance, including employee beliefs and attitudes. For each organisation, core policies are introduced that complement and reinforce each other. Typical **bundling** includes clarity and purpose (vision and values statements), performance systems (giving individuals a line of sight from their contribution to organisational performance), maximising capability (through development) and ensuring individuals are fully informed to enable them to act and to convey trust (through communication processes). **Performance** and **development processes** are generally seen as closely aligned. At the core of these processes are appraisal and often personal development and training plans.

Since adopting HPW, organisations have shown significant **performance gains**. HPW is frequently seen as part of a strategy to address performance issues and to improve business outcomes. However, it is important to note that performance is not an outcome pursued for its own sake. Rather, these organisations want to deliver something exceptional – great customer satisfaction or a great product. There is **pride** and **aspiration** that sits behind activity and consequently the pursuit of quality, innovation, staying one step ahead of the competition or finding a competitive advantage that centres on doing better is at the centre of the philosophy for these businesses. The pursuit of performance and being better is underpinned by a fundamental belief in the importance of people to drive success. These organisations believe in **mutual gains**. They also intuitively understand the systemic effect of combining **engagement**, **capability**, and **autonomy** to provide exceptional performance.

5.2 HPW practices: what works best

The focus of this research has been on implementation. It has explored what a HPW system looks like and how organisations create and maintain these systems and the challenges to doing so. In creating the **conditions for HPW** our case studies have a wide range of organisational and people management practices, but these are not an indiscriminate array. In essence we identified two key populations of practices:

- There are the so called ‘hygiene practices’, the day to day **HR basics** which keep an organisation running smoothly. As we have noted these are common across the organisations and they are essential but they are not the practices that organisations believe have made a step change difference to their culture or performance.
- Then there are the **core practices** which specifically support and embed major change or key aspects in the way organisations are managed (we have seen an emphasis on performance and development and on employee well-being). These are the change agents of HPW and we will highlight these in more detail below.

In terms of the **organisational context**, what we have found in this research (and confirming existing studies) is that HPW can operate in very different kinds of organisations equally effectively. However it does appear to depend on an **environment of excellence** whatever the sector. Earlier research by Ashton and Sung (2009) argued that performance is the interplay of competitive and people strategy with the route to better performance available by pursuing increased product or service differentiation. Our research supports this theory, although we contend that the driver in this scenario is the pursuit of excellence. What unites all our case studies is a desire for excellence coupled with a respect and appreciation of people as the key route to achieve it. We have found an emphasis on social capital in the workplace, on employee capability and an understanding of the linkages between employees, discretionary effort, and customer experience and business performance.

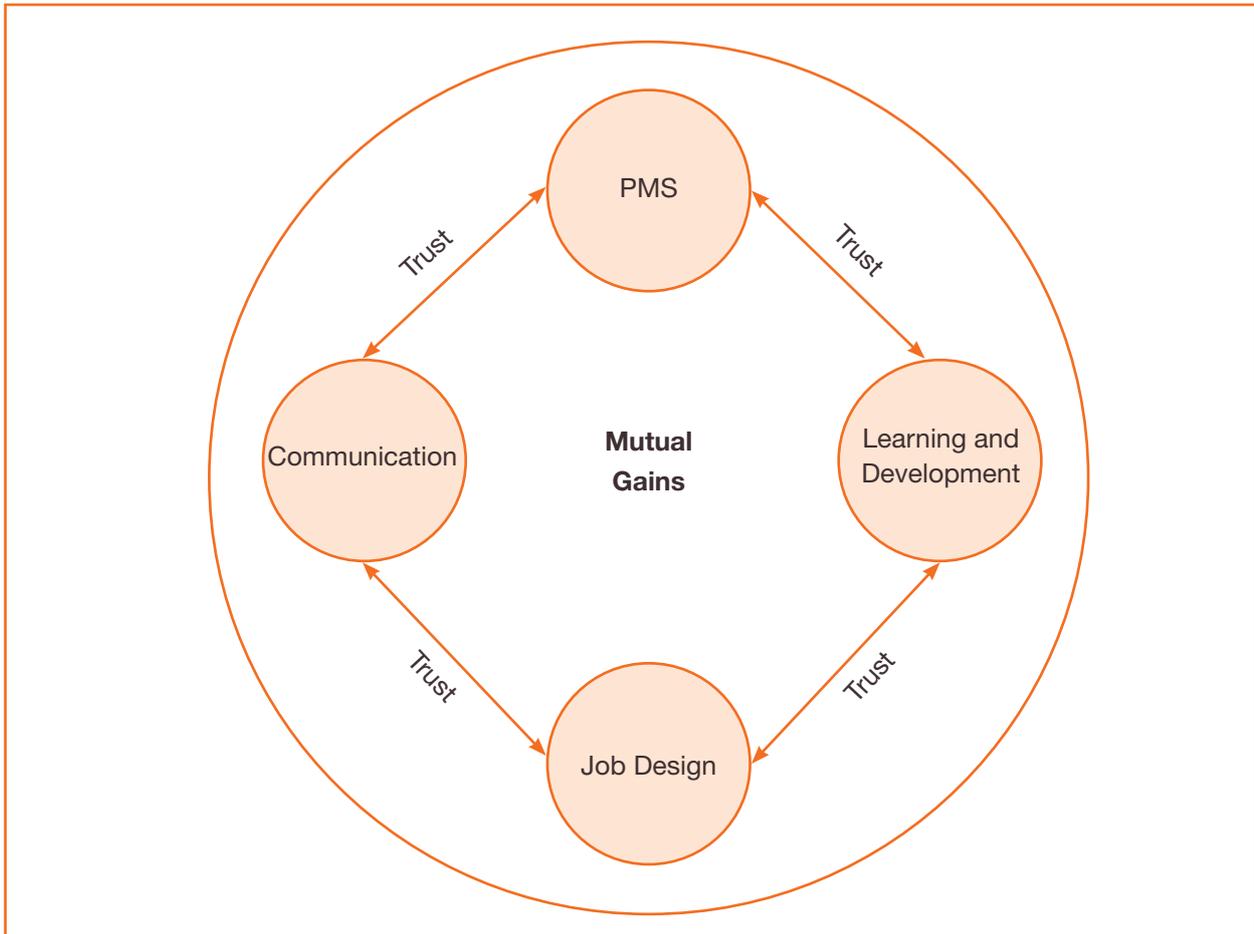
The literature has placed considerable stress on bundles of practices rather than individual practices themselves suggesting that impact comes from appropriate **complementary bundles** aligned to the organisations' competitive strategy and internally aligned with each other. The challenge then is to introduce bundles of practices rather than individual practices. This can feel daunting to organisations who may feel that their capacity to introduce something so complex would be severely compromised.

We have looked at **core practices** which are particularly powerful. These practices are:

- **Performance management systems (PMS)** – these create a range of outcomes; clarity of expectation, clarity over expected behaviours, the opportunity for feedback, a clear line of sight between individual contribution and organisational performance and in some cases the means to link individual or team pay transparently to these outcomes.
- **Learning and development** – all organisations embrace learning to some degree but our case studies illustrate how learning can be a catalyst for more fundamental culture change. It can provide the conditions for increased capability and confidence, the opportunity for greater empowerment, to open up internal labour markets, to fundamentally change the relationship between the organisation and its employees and to engage and motivate people.
- **Job design** – considerations in several of our organisations illustrate the power of creating the conditions for flexibility and ownership. Job boundaries and structures that are less rigid lead to greater fluidity of response and willingness to take responsibility for resolving issues as they arise.
- **Communication processes** – understanding of the importance of communication in creating climate and an open communication approach from the top developing trust.

The interplay between these practices form a coherent whole and adoption can start at any point with the exception of 'hygiene practices' (see figure 6.1). Each of our case studies focused on a particular block of core practice as the initial vehicle to effect change. Over time other elements follow and are added to this core, all within an environment of trust and mutual gains.

Figure 6.1: The core practices of HPW



The literature on **bundles** implies an alignment of HPW practices to the organisation’s business strategy (and broadly sector) or alternatively an alignment to models such as AMO or the 4As. We found evidence for distinct bundles of practices around **performance** and **development**, **well-being** and **HR basics** but not any specific alignment to the literature models. On the one hand, organisations develop coherent bundles of practices that drive and support specific outcomes and which show enormous commonality. On the other, the experience of our case studies and their rationale for the introduction of HPW suggests that organisations develop practices which support an explicit belief that relates to HPW and, as mentioned above, the ambition for excellence. The organisation finds a particular approach which helps achieve this end and this therefore becomes a core approach around which a set of practices will coalesce. Others will follow which may make sense in people management terms but which are not HPW drivers in themselves. In this sense all practices are not equal and each organisation puts particular effort into a small number of core practices which drive belief and behaviour.

Looking at these individual practices, we can see that HPW is not so complicated that it is beyond the abilities of most organisations to implement. All organisations started somewhere, with the firm intent to do better and with the support of their employees. This is relatively straightforward in small organisations, where messages can be conveyed clearly, staff can be spoken to and opportunities created for messages to be delivered and heard. What is notable is the personal attention given by leaders; from directors holding individual team meetings to making sure vision and values are displayed around the office. For larger organisations this can take longer and require more effort. HR can be a significant source of help as can the very processes and practices themselves as they help deliver the message and ensure consistency. Policies are much welcomed by line managers as organisations become more complex. They provide the format for responses and support managers in managing effectively in a complex environment. Training and development for managers and the opportunity to fully discuss new policy provides the essentials for them to adopt change. Wider feedback mechanisms, such as attitude surveys, also provide a vehicle to keep an eye on how adoption is going.

Our case studies have also demonstrated the importance of **consistency in implementation**. Key elements of this are: clear messages, persistent and direct communication, use of symbols, openness, processes and practices that allow differences of style but are clear in their purpose, celebrating best practice and success and working with employee representatives where present. The **HR function** (where it exists) emerges as a facilitator of HPW; helping organisations translate their ambitions into appropriate policy and practice to support it.

Barriers implied by the literature include size and complexity and we heard of these too in the case studies. The largest organisations spoke openly of the slow spread of HPW and disparate progress in different parts of the organisation which can be problematic. The ability to resolve this is due to an emphasis on clear vision and values which supply a bedrock for managerial action, coupled with communication effort.

The literature suggests HPW depends on the **interpretation of line managers** and the experience and perspective of the employee. Our case studies demonstrate support throughout the organisation – understanding and belief from the line manager, processes that help the line manager in implementation, and nearly universal positive responses from employees. Employees and line managers spontaneously mention communication, well-being and empowerment and line managers also speak positively of performance management. HPW is not seen as an end in itself but a response to specific drivers or circumstances. The aim is always to improve performance but not always directly to impact the bottom line. Not surprisingly therefore there were many **positive outcomes** that the case studies attributed to their approach to people management. Our case study organisations were recognised in various ways as being exceptional performers.

5.3 Lessons for employers and policy-makers

In conclusion, we can draw some lessons with regard to key factors that create and maintain change in the workplace successfully, these include:

- A clearly articulated **purpose** in many cases which acts as a focus for the efforts of the entire organisation.
- A sense of **pride** and **achievement** nurtured in the organisation, hence a focus on customer and quality.
- **Openness** and **engagement** are key and there is an underlying belief of **mutual gains** and partnership running through these organisations. **Trust** is also a common thread.
- Finding the key **HR processes** and **practices** that can become real catalysts of change and putting considerable effort into them.
- Making sure such practices are well **designed, aligned** and **well implemented** is critical. This means ensuring that practices are carefully thought through and introduced. Once the basics are in place, ensuring that new practices support what is there and begin to embed it is important.
- Implement the **HPW core practices** we have seen implemented in our case studies.
- Awareness of the importance of **line managers** in creating an environment where people can contribute and grow, and investment in their management skills to allow that to happen.

However, it is important to note that there is no 'magic bullet' adopted by these organisations, no one thing that bought about success, and no first step that catalysed everything else. However, we can see that there are a number of generic steps that need to take place:

Figure 6.2: Steps towards a HPW system



Getting this right produces real benefits for the organisation but also for those that work in it. Apart from improving the use of skills and making organisations more productive it also contributes to more enjoyable, innovative and autonomous workplaces, where employees have a strong sense of responsibility.

Annexes

Annex 1: Research questions

Case studies can flesh out the HPW literature and other findings to give a stronger case for organisations to consider how they go about adoption, as well as giving practical insights to policy makers wanting to encourage the uptake of HPW. Given this, the key research questions guiding the study were:

- What are the key elements that make up the HPW systems, and how do these systems work on the ground?
- What are the 'push factors' that lead to take up of HPW?
- Who is involved in introducing HPW (both internally and externally), and what is their motivation to do so? If external people are involved what influences that decision and the choice of support?
- How do managers design, shape and implement HPW practices over time?

In terms of looking at the impact of HPW, key questions were:

- How do employers use HPW practices to improve organisational performance and can they demonstrate success/impact?
- What particular aspects of 'performance' have been improved and how does this vary between sectors/organisations?
- To what extent/how have the HPW practices enabled better skill utilisation?

In terms of looking at implementation, key questions were:

- What are the barriers/challenges to implementing high performance working and how are these tackled/overcome?
- Are there any principles common to the case studies that are can be said to be crucial HPW success factors?

Annex 2: Selection criteria for case studies

Key selection areas	Preference to:
HR strategy	<p>The degree to which the organisation has a well articulated HRM/people management strategy</p> <p>The degree to which such a strategy is aligned to the business strategy</p> <p>Specific interest in examples of job design or skills interventions</p> <p>Ideally to include some cases with unionised presence</p>
Coherent practices	<p>Are there a number of coherent HR practices or approaches that have been designed for sound reasons?</p> <p>Do practices hang together rather than provide an ad hoc or contradictory assembly?</p>
Sector	<p>Do potential case studies represent a range of sectors?</p> <p>Are at least 4 different sectors represented?</p> <p>Are there 2-4 public sector case studies?</p>
Size	<p>Are potential organisations broadly in the range of 50-1500 employees? (very small organisations are likely to have limited HR policy and practice and very large organisations may have highly embedded practices where implementation is more difficult to explore).</p>
Nation	<p>Is there at least one case study from Wales, Northern Ireland and Scotland?</p>
Change	<p>Has the organisation been through some kind of major change in the last five years?</p>
Award scheme	<p>Does the organisation hold a people management based award? Are they entered for such an award?</p>
Organisational performance	<p>To identify high performing organisations</p>
Age of company	<p>Mix of well established and more recent organisations, include one or two Greenfield sites?</p>

Annex 3: Size and sectoral spread of the 12 case studies

Case studies	Size	Sector	Location
ACCA (Association of Chartered Certified Accountants)	860	Financial Services	London, England and Glasgow, Scotland
Autoglass	2,200	Services	Bedford, England
Content and Code	67	IT Services	London, England
firmus energy	58	Energy Distribution	Antrim, Northern Ireland
gem	700	Services	Belfast and Londonderry Northern Ireland
Macphie of Glenbervie	270	Food processing	Aberdeenshire and Glasgow, Scotland
Merseytravel	948	Transport	Liverpool, England
Pilot Drilling Control	25	Manufacturing	Lowestoft, England
United Welsh Housing Association	150	Housing	Caerphilly and Cardiff, Wales
West Lothian Council	8,500	Local Authority	Livingston Scotland
Wychavon District Council	300	Local Authority	Worcestershire, England

Bibliography

- Angelis, J. J. & Thompson, M. (2007)** Product and Service Complexity and High Performance Work Practices in the Aerospace Industry. *Journal of Industrial Relations*, 49[5], 775-781.
- Appelbaum, E., Bailey, T., Berg, P., & Kalleberg, A. L. (2000)** *Manufacturing advantage: Why high performance systems pay off*. Cornell University Press.
- Ashton, D. & Sung, J. (2002)** *Supporting workplace learning for high performance working*. International Labour Organization.
- Ashton, D. & Sung, J. (2009)** *Conceptual Approaches to the Determinants of Skill Utilisation and Their Implications for Public Policy*. Unpublished
- Barber, L., Hayday, S., & Bevan, S. (1999)** *From People to Profits: The HR link in the service-profit chain* (Rep. No. 355). Institute for Employment Studies.
- Bates, P., Cox, A., Robertson-Smith, G., & Garrett, R. (2009)** *High Performance Working: Developing a Survey Tool – Evidence Report 5 Wath-upon-Deerne*: UK Commission for Employment and Skills.
- Becker, B. E., Huselid, M. A., & Ulrich, D. (2001)** *The HR Scorecard: Linking People, Strategy, and Performance*. Watertown, MA: Harvard Business Press.
- Boselie, P., Dietz, G., & Boon, C. (2005)** Commonalities and contradictions in HRM and performance research. *Human Resource Management Journal*, 15[3], 67-94.
- Boxall, P. (2003)** HR strategy and competitive advantage in the service sector. *Human Resource Management Journal*, 13[3], 5-20.
- Boxall, P. & Purcell, J. (2003)** *Strategy and human resource management*. (4th ed.) Palgrave Macmillan.
- Butler, P., Felstead, A., Ashton, D., Fuller, A., Lee, T., Unwin, L. et al. (2004)** *High Performance Management: A literature review* (Rep. No. 1). Leicester: Centre for Labour Market Studies.
- CIPD (2008)** *Smart Working: How Smart is UK Plc?: Findings from Organisational Practice*. London: Chartered Institute of Personnel and Development.
- CIPD & EEF (2003)** *Maximising employee potential and business performance: the role of High Performance Working*. London: Chartered Institute of Personnel and Development.

- Danford, A., Richardson, M., Stewart, P., Tailby, S., & Upchurch, M. (2004)** High Performance Work Systems and Workplace Partnership: A Case Study of Aerospace Workers. *New Technology, Work and Employment*, 19[1], 14-29.
- Green, F., Mayhew, K., & Molloy: Eamonn (2003)** *Employer perspectives survey* (Rep. No. Research Brief RBX10-03). Department for Education and Skills.
- Guest, D. E. (2000)** HR and the Bottom Line – ‘Has the penny dropped?’. *People Management*, 26-31.
- Guest, D. E. (2006)** Smarter Ways of Working. *SSDA Catalyst*, 3.
- Guest, D. E. & King, Z. (2004)** Power, Innovation and Problem-Solving: The Personnel Managers Three Steps to Heaven? *Journal of Management Studies*, 41[3], 401-423.
- Guest, D. E., King, Z., Conway, N., Mitchie, J., & Sheehan-Quinn, M. (2001)** *Voices from the Boardroom*. London: Chartered Institute of Personnel and Development.
- Guest, D. E., Mitchie, J., Sheehan, M., & Conway, N. (2000)** *Employment Relations, HRM and Business Performance: An Analysis of the 1998 Workplace Employee Relations Survey*. London: Institute of Personnel and Development.
- Hughes, J. (2008)** *The high performance work paradigm: A review and evaluation* (Rep. No. 16). Cardiff School of Social Sciences, Cardiff University.
- Huselid, M. A. (1995)** The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. *The Academy of Management Journal*, 38[3], 635-672.
- Lloyd, C. & Payne, J. (2004)** ‘Idle Fancy’ or ‘Concrete Will’? *Defining and realizing a high skills vision for the UK* (Rep. No. 47). SKOPE.
- Macky, K. & Boxall, P. (2008)** High-involvement work processes, work intensification and employee well-being: A study of New Zealand worker experiences. *Asia Pacific Journal of Human Resources*, 46[1], 38-55.
- Nishii, L. H., Lepak, D. P., & Schneider, B. (2008)** Employee attributions of the “why” of HR practices: Their effects on employee attitudes and behaviors, and customer satisfaction. *Personnel Psychology*, 61[3], 503-545.
- Philpott, J. (2006)** Raising productivity: from skills to high-performance working. In S. Porter & M. Campbell (Eds.), *Skills and Economic Performance* (pp. 158-172). Caspian Publishing for the SSDA.

- Porter, S. & Campbell, M. (2006)** *Skills and Economic Performance*. London: Caspian Publishing for the Sector Skills Development Agency.
- Purcell, J. & Kinnie, N. (2007)** HRM and business performance. In P. Boxall, J. Purcell, & P. M. Wright (Eds.), *The Oxford Handbook of Human Resource Management* (pp. 533-551). OUP Oxford.
- Purcell, J., Kinnie, N., Hutchinson, S., Rayton, B., & Swart, J. (2003)** *Understanding the people and performance link: Unlocking the Black Box*. London: Chartered Institute of Personnel and Development.
- Ramsay, H., Scholarios, D., & Harley, B. (2000)** Employees and High-Performance Work Systems: Testing inside the Black Box. *British Journal of Industrial Relations*, 38[4], 501-531.
- Sparham, E. & Sung, J. (2007)** *High Performance Work Practices: Work Intensification or 'Win-win'?* (Rep. No. 50). Leicester: Centre for Labour Market Studies.
- Stevens, J. (2007)** The case for high performance working. *High Performance Working: UKWON Journal*, 15-16.
- Sung, J. & Ashton, D. (2005)** *High performance work practices: linking strategy and skills to performance outcomes*. London: Department of Trade and Industry.
- Sung, J., Ashton, D., & Raddon, A. (2009)** *Product Market Strategies and Workforce Skills*. Edinburgh: The Scottish Government.
- Tamkin, P., Cowling, M., & Hunt, W. (2008)** *People and the Bottom Line* (Rep. No. 448). Institute for Employment Studies.
- Tamkin, P., Giles, L., Campbell, M., & Hillage, J. (2004)** *Skills Pay: The Contribution of Skills to Business Success – Research Report 5*. Wath-upon-Deane: Sector Skills Development Agency.
- UK Commission for Employment and Skills (2009)** *High Performance Working: A synthesis of key literature* (Rep. No. 4). Wath-upon-Deane: UK Commission for Employment and Skills.

List of previous publications

Executive summaries and full versions of all these reports are available from www.ukces.org.uk

Evidence Report 1

Skills for the Workplace: Employer Perspectives

Evidence Report 2

Working Futures 2007-2017

Evidence Report 3

Employee Demand for Skills: A Review of Evidence & Policy

Evidence Report 4

High Performance Working: A Synthesis of Key Literature

Evidence Report 5

High Performance Working: Developing a Survey Tool

Evidence Report 6

Review of Employer Collective Measures: A Conceptual Review from a Public Policy Perspective

Evidence Report 7

Review of Employer Collective Measures: Empirical Review

Evidence Report 8

Review of Employer Collective Measures: Policy Review

Evidence Report 9

Review of Employer Collective Measures: Policy Prioritisation

Evidence Report 10

Review of Employer Collective Measures: Final Report

Evidence Report 11

The Economic Value of Intermediate Vocational Education and Qualifications

Evidence Report 12

UK Employment and Skills Almanac 2009

Evidence Report 13

National Employer Skills Survey 2009: Key Findings

Evidence Report 14

Strategic Skills Needs in the Biomedical Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 15

Strategic Skills Needs in the Financial Services Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 16

Strategic Skills Needs in the Low carbon Energy generation Sector: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 17

Horizon Scanning to 2020: A Report for the National Strategic Skills Audit for England, 2010

Evidence Report 18

High Performance Working: A Policy Review, 2010

Evidence Report 19

High Performance Working: Employer Case Studies, 2010

Evidence Report 20

A theoretical review of skill shortages and skill needs

Evidence Reports present detailed findings of the research and policy analysis generated by the Research and Policy Directorate of the UK Commission for Employment and Skills. The Reports contribute to the accumulation of knowledge and intelligence on a range of skills and employment issues through the publication of reviews and synthesis of existing evidence or through new, primary research.

The Evidence Reports are accompanied by Executive Summaries, presenting the key findings of the main Evidence Report. These and other outputs in the Research and Policy Analysis series can be accessed on the UK Commission's website www.ukces.org.uk

UKCES

3 Callflex Business Park
Golden Smithies Lane
Wath-upon-Deerne
South Yorkshire
S63 7ER

T +44 (0)1709 774 800
F +44 (0)1709 774 801

UKCES

28-30 Grosvenor Gardens
London
SW1W 0TT

T +44 (0)20 7881 8900
F +44 (0)20 7881 8999

If you would like to receive a hard copy please email ukces@prolog.uk.com quoting the full report title, the reference number 00396-2010DOM-EN and a full postal address. Copies will be distributed free of charge whilst stocks last. Please note there is a three copy limit per person.

This document is available at www.ukces.org.uk under 'publications'

ISBN: 978-1-906597-35-1
© UKCES 1st Ed/500/05.10

Printed on Evolution Satin
Made from 75% recycled fibre