

Comparing and Contrasting Two Companies with High Performance Work (HPW)

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INTRODUCTION

Every organisation has objectives which it works to achieve. High performance working organisations use motivational strategies to enhance employees' performance and leadership efficiency. However, some of the high performance organisations do their work ordinarily and as a common sense practice [1] aimed at delivering good business result, but because of the efficiency of the organisation's work force, their activities result in high performance work. This makes such organisation a high performance organisation

For the purpose of this study, two companies using high performance work practices have been chosen. These are General Electric and McDonald. The companies were chosen because the nature of their businesses offers a good opportunity for comparing and contrasting high performance working in the companies. General Electric is a production and service company while McDonald is a Service Company in the food service sector.

Brief description of McDonald and General Electric (GE)

McDonald's is a foodservice company. It is one of the most popular global foodservice retailer with over 35,000 local restaurants attending to nearly 70 million people in over 100 countries each day [2]. McDonald places customers first, and is believed to be doing business in ethical manner and increasing making profit and perpetually improving [3]. On the other hand, General Electric Company (GE) was incorporated on 15 April, 1892 and it is a diversified technology and financial services company [4]. The company produces and renders services in the following areas: aircraft engines, power generation, water processing, and household appliances to medical imaging, business and consumer financing and industrial products and it

serves customers in more than 100 countries [5].

Definitions of Performance Management and High Performance Working

Performance management is "a process for establishing shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing and developing people that improves individual, team and organisational performance" [6]. It can also be defined a systematic process for improving organisational performance of individuals and teams [7] Performance management result in better results in organisational performance as it improves the performance of teams and individuals in an organisation.

The term is used in different sense in different fields. In several studies, the term is used in a way that suggests multiple meanings and in some studies' its use reflects specific meaning. In a restrictive sense, the [8] stated that performance management represents only management systems that make use of such element performance contracts, performance-related incentives, strategic planning, creating a performance-oriented culture, or increasing managerial authority. However, in whichever sense that performance management is used, it describes "a strategic and integrative approach to delivering sustained success to organisations that focus on performance improvement and employee development" [9].

Effective performance management result in high performance work (HPW). According to the Chartered Institute of Personal Development (CIPD, n.d), High performance work "places great emphasis on effective people management and development". For some people in some organisations, HPW simply describes what they have

been doing that kept the organisation going (CIPD, n.d). For some organisations, and managers in particular, HPW involves a wholesale culture change and one that may not be welcome. High performance work systems (HPWS) have recently been defined as “a group of separate but interconnected human resource (HR) practices designed to enhance employee’s skills and efforts” [10]. In my view, high performance work can be defined as all the activities and outcome of such activities which result in

THEORETICAL FRAMEWORK

Some theories of workers motivation considered relevant for this study are Maslow’s hierarchy of needs, expectancy theory and the resource base theory. Firms apply different forms of motivation approaches to encourage employees to perform better. Motivation has been defined as “the contemporary (i.e. immediate) influence on direction, vigour, and persistence action” [13]. This definition is similar to that of [14] who described motivation as a set of energetic forces that emanate from the internal feelings of an individual as well as from some external factors that propels initiative work-related behaviour, and determining its form, direction, and duration.

efficient and effective performance of people working in an organisation.

The Organisation for Economic Co-operation and Development [11] defined high performance work organisations as “those organisation that are moving towards a flatter and less hierarchical structure, where people work in teams with greater autonomy, based on higher levels of trust and communication”. Such organisations adopt high level work practices (HLWPs), that is practices that contribute to HPWOs [12].

In planning on the strategies for motivating employees, companies need to take into consideration the resources available to them and carry out their motivational plans based on the available resources. In support [15] explained that the Resource-Based (RB) is an “inside-out process of strategy formulation”. Firm that apply high performance or High performance work could follow the steps analysed in figure 1 to determine its resource base and the best strategy to adopt to promote efficiency and productivity in the organisation and achieve competitive advantage over other firms.

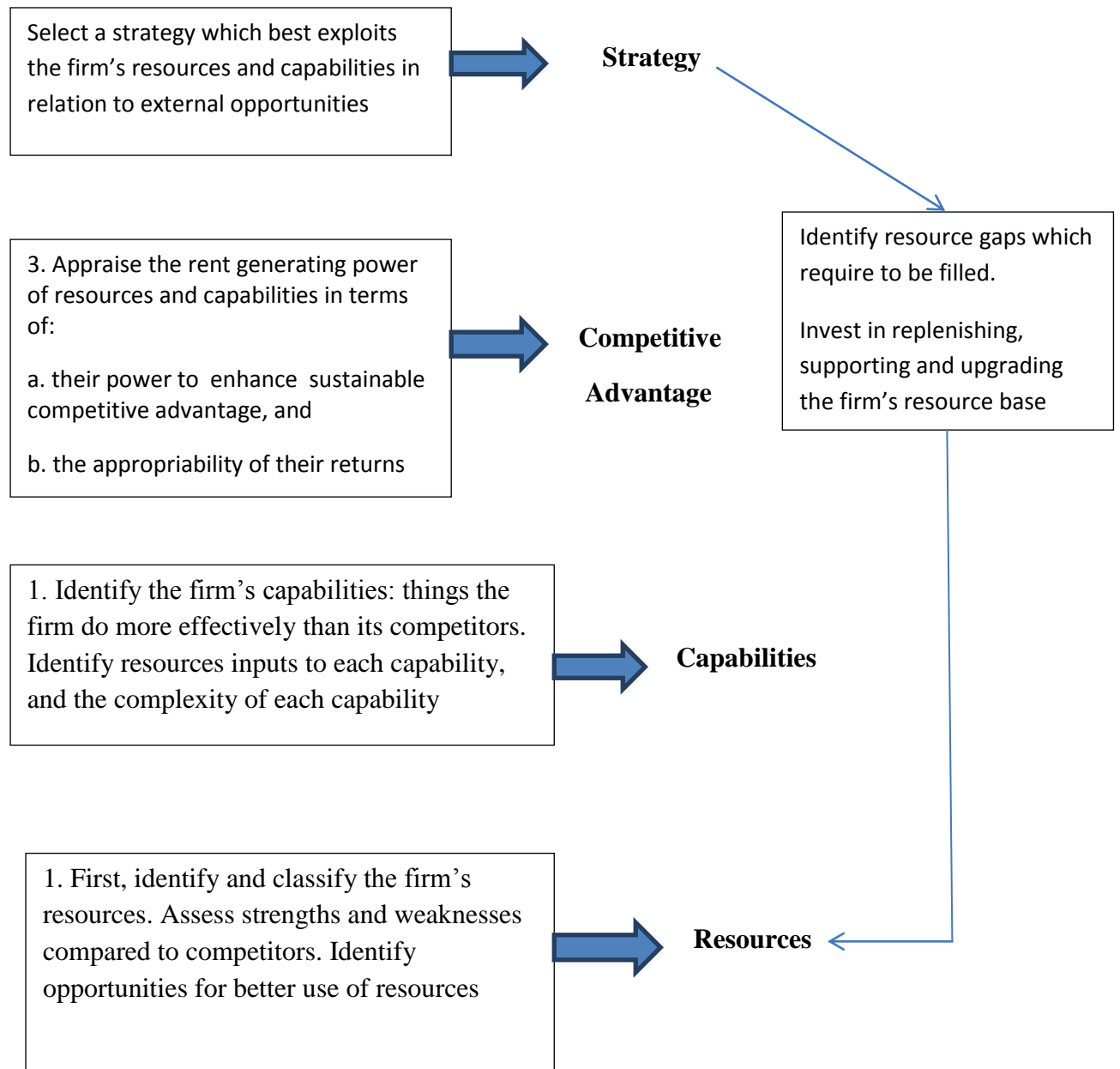


Figure 1: A Resource-Based Approach to Strategy Analysis: A practical Framework
Source: Robert Grant, 1991.

However, the resource based theory does not help to explain adequately the individual needs of the workers which need to be satisfied in order to make them have the peace of mind to work and contribute to the growth of their organisation. This is where [16] hierarchy of needs theory becomes important. [17] hierarchy of needs theory focuses more on individual needs than collective needs. Maslow's theory works

on the understanding that workers have certain needs to meet and they will remain committed to work towards meeting their needs as long as they see the prospect of meeting those needs through doing the work [18]; [19]. This theory is usually referred to as content based motivation theory. By working harder to achieve their individual needs, the workers also contribute to making the organisation achieve its set

objectives and goals. This trend could enhance high performance working in an organisation.

Maslow categorised employee's needs into physiological needs, safety needs, belongingness and love needs, esteem needs, and self-actualisation. The satisfaction of the physiological needs which are the basic needs (e.g. food, clothing water, etc.) will make the worker to even work harder in order to satisfy the next need which is safety

need in the hierarchy, and so on.(See figure 2). The first category of need that is the physiological needs are very important requirements for the survival of the individual and this has to be given priority attention by the employer as an employee has to satisfy the needs in this category first before contemplating working to earn income that will enable him or her to satisfy the needs in the other hierarchies.

Maslow's Hierarchy of Needs



Figure 2

Some other theories that could be used to motivate employees for high performance work are the expectancy theory, carrot and stick theory and the job motivation theory. Expectancy theory explains that high performance at the individual level is determined by high motivation and additional qualities

such as the employee having the necessary skills and abilities required and also the worker knowing his/her role and the role being appropriate to the skills of the worker [20].

Performance management system follows a continuous cycle of planning, acting on the plans, monitoring, and reviewing (See Figure 3):

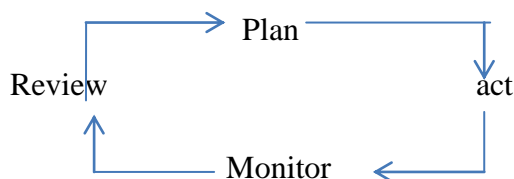


Figure 3: The performance Management Cycle
Source: Armstrong, 2009).

The system followed to achieve improvement in workers performance is described by performance management system (see figure 4). The most essential performance management activities are "performance and development

planning, defining performance measures, concluding performance agreements, managing performance throughout the years and reviewing, analysing and assessing performance formerly" [21].

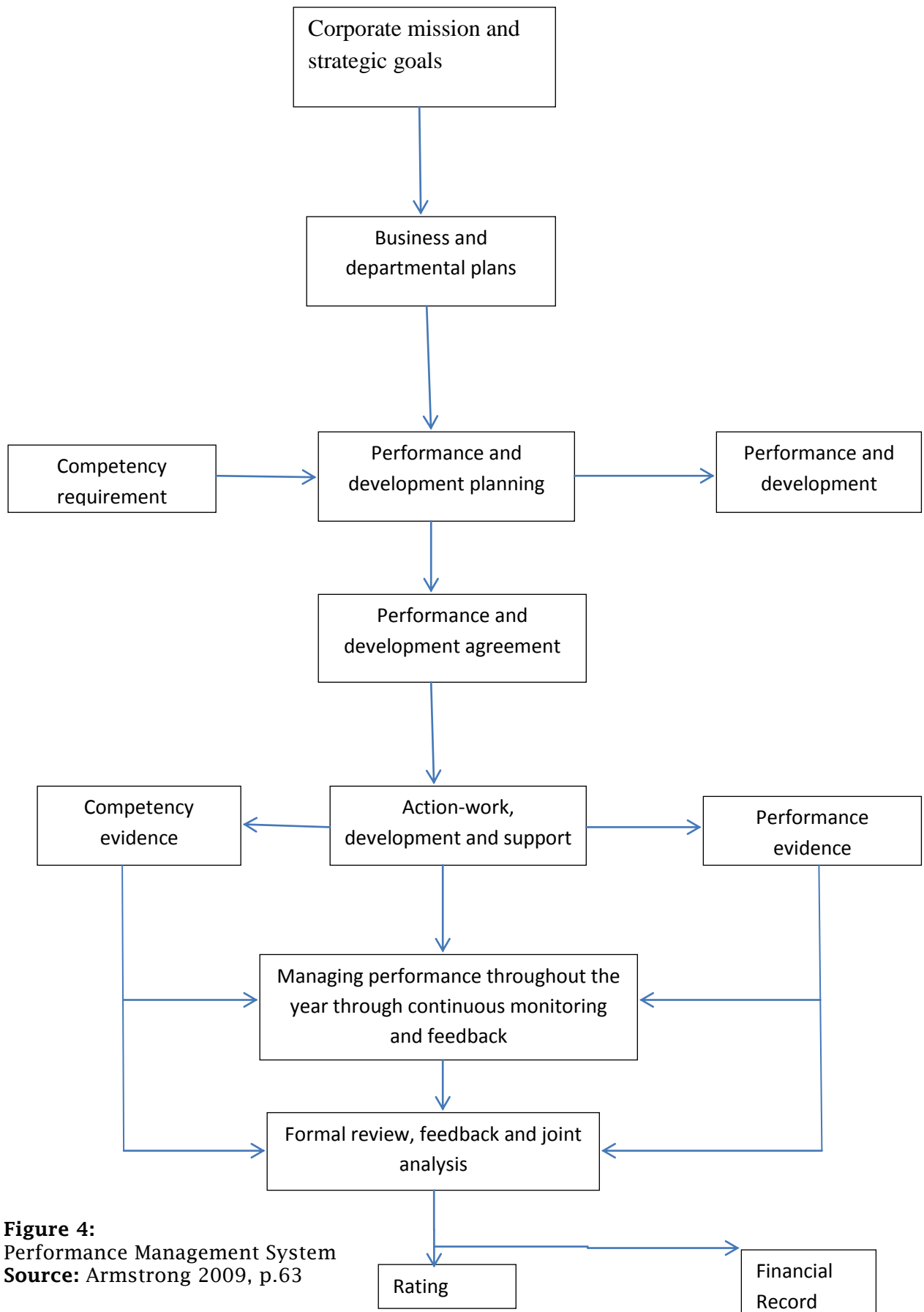


Figure 4:
Performance Management System
Source: Armstrong 2009, p.63

One of the goals of HR is the enhancement of workers performance. In this sense, [22] feels that high performance work systems are characterised by a set of HR practices that play the role of increasing the involvement, commitment, and competences of the employee by transforming the employees from mere workers to seeing themselves as partners working with the employers to achieve the goals of the organisation. who are realising with employers and company's goals.

How McDonald and General Electric (GE) Apply High Performance Work (HPW)

Performance Measures:

Performance measure is vital in determining the high performance work level in McDonald and General Electric. This is because such performance measures determines how the strategies employed by a high performance company affects shareholder's value in relation to investments capital. In support, [23] stated that "an appropriate performance measure gauges how management strategy affects shareholder value as measured by the risk-adjusted return on invested capital".

Performance measurement in a literal sense refers to the way of stating action in quantitative term where measurement is the process of quantification and action results to performance. [24]. It aims at assessing the effectiveness and efficiency of an organisation. Therefore, the level of performance a business attains is determined by the efficiency and effectiveness of the actions it takes, hence performance measurement refers to the method of quantifying the efficiency and effectiveness of action [25].

McDonald's applies behavioural measurements to check the performance of employees as well as the use of the rate of promotion and performance evaluations [26]. This method is used to assess participant's performance after any programme. In this way, the company ensures that employees are adequately prepared for high performance working in the company. To measure the results of performance

in McDonald, the company "evaluated it store managers on product quality, services, cleanliness, sales volume, personnel training, and cost control" [3]. These criteria used by McDonald for evaluating performance ensure high performance work in the organisation.

In General Electric (GE), performance measure is based on "multiple measures of divisional performance profitability, market position, productivity, leadership, personnel development, employee attitude, and public responsibility" [12]. This could be said to be appropriate for this company, especially as its decentralisation policy makes it necessary that performance measures should be based on multiple performance measure strategies. The problem however, is that the use of performance measures to evaluate employees performance and invariably determine high performance working in organisation may sometimes be deceptive. This is because employees and even managers of organisations could take actions that could be seen as improving performance of the organisation but in actual sense, such actions may be simply official window dressing. In support of this view, [17] argued that performance measure are in most cases subjected to manipulation because the agent can take actions that suggest improvement in his action but such action add little or nothing to the principal's gross pay off. The authors looked at this kind of action as "window dressing".

GE Company uses surveys of participants about actions they take at the individual, team, and organisational levels to bring about change [23]]. In carrying out the surveys, attention is paid to each "participant's specific development need; Programme evaluations are also conducted to ensure that the design and content remain relevant and adapt to a global audience [4].

Team Performance

Team work is an effective way of achieving the set objectives of firms. In a company like General Electric, it leads to achieving high performance working in the various departments (See figure 5).

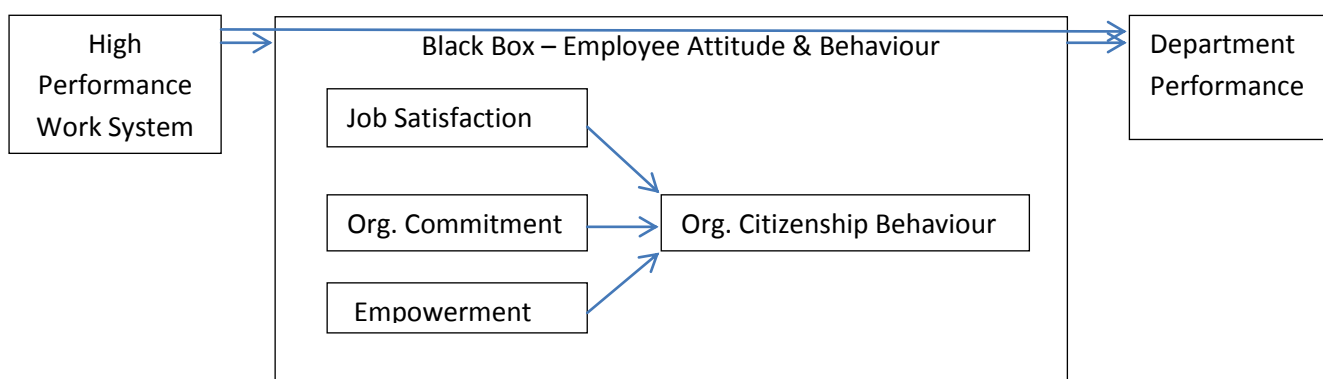


Fig. 5: Theoretical model showing the connection of high performance work system to the performance of department.

Source: Messersmith et al. 2011, p. 1107.

Figure 5 shows that achieving high performance in an organisation is dependent on factors such as making workers to enjoy their job (job satisfaction) and this can be achieved by using motivational strategies; organisation commitment and empowerment of team members.

In General Electric, team work was not originally a management method. It is the result of evolution in the organisation which became an approach to addressing the red-tape crisis that faced the company [11]. The evolution introduced “a more flexible and behavioural approach to management” [9] which the focus, according to [7] is:

- Using teams to solve problems quickly;
- Teams that perform different functions are combined to take care of specific tasks;
- Staff experts at the head office are reduced in number, reassigned, and combined into interdisciplinary teams that work in consultation with direct field units;
- A matrix-type structure is frequently used to bring together the right teams for the appropriate problems;
- Economic rewards are based on team performance rather than individual achievements.

Buttressing the functionality of the use of teams in General Electric, [11], the chairman of the Board and Chief Executive Officer in GE said “Our team is excited and united. We will execute the

strategy: driving infrastructure leadership; investing in the innovation of efficiency; building competitive advantage....We will deliver a financial performance that creates shareholder value...” (GE Annual Report, 2013, p.11). As an innovative company, team performance could be said to be an ideal approach to achieving the growth in the company.

In McDonald, team performance is also used as a means of achieving high performance working. However, the approach is different from what obtains in GE. Team performance is what one of the key approaches to doing business that has kept McDonald growing worldwide. Supporting this view, [21] stated that in order to make their restaurants to operate effectively, for their restaurants to be operating well, it is vital that every member of the team that works in the restaurant should work together and follow the laid down ways of working that are in use in the organisation to ensure that customers get the best quality food and services. To ensure effective team performance at McDonald, the company selects new employees based on their power to work as a team and teamwork also constitute a large part of McDonald’s training programme and performance appraisals [25].

Performance and Learning/development

General Electric makes use of action learning as one of the systems for developing its leadership [23]. Action learning refers to a method of learning

where individuals working in an organisation meet together in small groups with their colleagues over time to address real problems or issues to get things done; reflecting and learning together and exchanging experiences as they try to change things. [5]; [6]; [7].

Specifically, the GE action learning programme is centred on solving real business problems whereas that of McDonald revolves around operational innovations [15]. The company takes great care and uses a variety of methods to train and develop staff.

At McDonald, learning and development to ensure good performance is a top priority in the company. "McDonald has a Learning and Development strategy for each employee group: 'crew members'; restaurant management teams and franchisees; and office staff and middle managers" (HR Magazine Editorial, 2009). Training takes place in various settings including shop floors and for those in management team in the restaurant, flexible and field based training are used (HR Magazine Editorial, 2009). This type of training is equivalent

MacDonald and General Electric use various motivational strategies to achieve high performance work. High performance organisations use performance management systems (PMS) to achieve high performance work. High performance work is achieved in McDonald and GE through the use of performance measures, team performance, learning as well as research and development and so forth. There are some differences and similarities in the approaches these companies use to ensure high

to action training that takes place in General Electric. Training and staff development is an important way both McDonald and General Electric use to meet customers' needs. For McDonald, The customers would be happy to get quality food and in this respect, the company employ well trained staff and also engage staff in regular training and workshops in order to prepare them to deal with customers in acceptable manners.

In both organisations line managers play important roles in directing, controlling and in implanting of planned strategies for achieving high performance work. However, in McDonald, the role of line managers are more pronounced than in General Electric. This is because as an organisation in the food service sector, the functions of directing and controlling and departmental levels have a lot of impact on how customers are served than in the innovation sector of GE. Similar functions are performed by the line managers in Ge who are serving in the service sector of the organisation.

CONCLUSION

performance working in their organisations. The differences in approach are found in the methods of training and development, team management and working, reward systems, Similarities are found in the roles of line managers, in the service sectors of the two organisations. The two companies consider their resource base and utilise their areas of strength to achieve high performance work. On the other hand, they also note their areas of weakness and engage different strategies to improve in such areas.

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