

Approaches to High Performance Work and Performance Management

Ibifubara Spiff

Anglia Ruskin Univerisy, UK.

INTRODUCTION

Aspect Capital is a financial service organisation that is famous for its consistent and high levels of return through quantitative investment for hedge funds management. The company was founded in 1997 and it is based in London. On the other hand, W. L. Gore is a manufacturing company based in America. The company was founded in 1958. The company specialised in products derived from fluoropolymers. So, the company is a Gore-Tex manufacturer. The products of Gore include electronic, medical, waterproofing, fabrics, fibres, industrial filtration, industrial seals, coatings, and micro-filtrations. (Shipper and Manz, n.d). These companies will be compared and contrasted to find out their approaches to high performance work (HPW) and performance management (PM). The reasons for choosing Aspect Capital and W. L. Gore for this study is because the two companies apply High Performance Work, and could therefore provide sufficient areas for comparing and contrasting their approaches.

Definitions of Performance Management and High Performance Work

Performance management (PM) and high performance work (HPW) mean different things to different people. As such, the terms are not used consistently to mean the same thing. Armstrong and Baron in CPID text book defined performance management as “a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance”. Performance management is a holistic process which brings together many of the elements that lead to successful management of people including especially, learning and development [1]. To achieve its objective,

performance management establishes shared understanding about what is to be achieved and the method that will be used in leading and developing people [2].

[3] stated that “Performance management is defined as a proactive partnership between employees and management that helps employees perform at their best and achieve the goals, values and initiatives of the organisation”. This definition takes into consideration some key factors. First, there should be a proactive partnership between employees and management, meaning that proactive management is not a fire brigade approach to management. It does not just happen. So, both the employees and the management need to take initiative to introduce it and make it work. Proactive management is not what the management does to the employees. Both must work together to make it happen. In this sense, there is an ongoing process of communications between the supervisor and an employee clarifying expectations, setting objective, identifying goals, providing feedback, and reviewing results [4]

The second important element in the definition is “helps employees to perform at their best. Performance management aims at maximising the potentials of the work team. It is not aimed at keeping a close watch on the employees. [5] noted that if the management wants to control everything the employees do and have them secure the engagement's permission before they act, performance management will not work. Employees should be given the freedom to take responsibilities, and do their best work without worrying that the boss may feel otherwise. This means that employees “become self-managed and less supervised” [6].

Another important key point in [7] definition is "Align their contributions with the goals, values and initiatives of the organisation". This means that employees want to be seen as important to the success of the organisation. They want to be valued. Performance management helps the management to ensure that each individual's goals, values, and initiatives are in line with those of the organisation.

In another definition, [8] defined performance management as "a method used to measure and improve the effectiveness of people in the workplace.". He pointed out that it is a system that has many components which include goal setting, tracking changes, coaching motivation, appraisal (or review), and employees development. This definition seems to be incomplete as it failed to provide any kind of team relationship between the management and the employees. It tends to look at performance management as the responsibility of the management alone. Thus, it is one sided and unbalanced. However, [9] pointed out some important elements that can be included in performance management system.

Performance management (PM) has also be defined as "the key process by which organisations set goals, determine standards, assign and evaluate work, and distribute rewards" [10]. This definition is significant when we realise that in this age of globalisation, there is keen competition among businesses and to stay ahead and have an edge over rivals, performance management process that measures the progress of any business is very vital.

What can be seen from the above definitions is that some scholars use the term in a broader sense while others use them in a more restrictive sense. In support of this view, [11] stated that how performance management scheme are designed vary greatly, and that in various studies across academic, how the term is used and what it implies are not the same. In many studies the term is used in an inclusive sense while in other studies, it is used in restrictive sense. [12]. In the

latter sense, [13] explained that performance management scheme denote simply management systems that include one or more additional elements like the use of performance contracts, performance-related incentives, strategic planning, creating a performance-oriented culture, or increasing managerial authority.

[14] defined performance management as "an overarching management system - managing for results (MFR) - that offers the means to manage across systems". This can be done by relating the structures and rules of different management subsystems and the possible changes in them to the achievement of overall organizational goals [15]. Such management subsystems may include human resource management, capital management, and financial management and can be understood as the channels through which effective leadership can be implemented [16]; [2] [3]. Performance management leads to high performance work.

The Organisation for Economic Co-operation and Development [6] 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). HLWPs are similarly defined as "those practices which contribute to HPWOs" [7]. Thus, high performance work can be said to be achieved when employees and management of an organisation work as a team to achieve the goals of the organisation, and have competitive edge over their rivals. In support of this, [9] stated that "Creating flexible high performing, learning organisations is the secret to gaining competitive advantage in a world that won't stand still".

Role of Line Manager

The roles line manager plays in an organisation are many and varied. These roles range from human resource management to administrative roles. Line managers "are now expected to do more

of their own HRM” and “can benefit from cross training in human resources” [3]. The authors also stated that “the line should lead the way in fully integrating HR into the company's real work”, that that the line adopt a partnership approach between HR, line and employees to manage HR issues - an HR triad” [5].

The line manager also has the responsibility of planning and organising: the planning of the aims, objectives, and priorities of the organisation is the

THEORETICAL FRAMEWORK

Some theories of workers motivation considered relevant for this study are Maslow's hierarchy of needs and expectancy. Firms apply different forms of motivation approaches to encourage employees to perform better. Motivation refers to those psychological processes that lead the arousal, direction, and persistence of voluntary actions that are goal directed [6]. This means that work motivation is aimed at achieving a desired goal. Motivation has also been defined by [7] as “a decision process through which an individual chooses desired goals, and sets in motion behaviours that will help achieve those outcomes”

responsibility of the line manager. It is also his responsibility to communicate all these to his team and colleagues. In addition, he provides structure, direction and purpose to the team.

Other functions of the line manager are holding regular meetings with his team and colleagues, encouraging and enhancing good performance, setting standard and parameters, and conducting annual review, training, development and managing discipline in the organisation.

Maslow's hierarchy of needs explains that the individual needs of the employees should be met in order to make them interested and committed to the attainment of organisational goals. The needs of employees are categorised into: physiological needs, safety needs, belongingness and love needs, esteem needs, and self-actualisation. The first category of need that is the physiological needs are fundamental to the survival of the individual and must be satisfied first before thinking of satisfying safety needs, and so on.



Figure 1: Maslow's Need Hierarchy

Source: Internet

On the other hand, the expectancy theory states that if workers expect incentives in the form of promotion, higher wages, fringe benefits and so forth, the worker will work harder to qualify for such incentives. Expectancy theory proposes that high performance, at the individual level, depends on high motivation plus possession of the necessary skills and abilities, as well as an appropriate role and understanding of that role [5].

Approaches to High Performance Work and Performance Management in Aspect Capital and W. L. Gore Compared and Contrasted

Employee Skills and Training Needs: Aspect Capital considers employees skills as vital for the success of its business. As a business in the financial sector, the skills possessed by the employees are very important. Because of the company's technical and cultural requirements, Aspect Capital recruits some of the brightest mathematicians and programmers for its research and IT teams and they are the backbone of the quantitative approach to the hedge funds management and identification of new financial products [9]. To recruit such employees, Aspect Capital pays over above other to beat the competitive salary structure in the industry. It uses high pay to attract skill labour in the industry. Aspect Capital spends a long time to identify individuals with the right skills, and employees who can bring something new to the industry. The case studies showed that all employers expect more than technical skills from their employees. In both Aspect Capital and W. L. Gore, the skill possession skills are paramount. In Aspect Capital, possession of technical Skills is very important.

Also, at W. L. Gore, employees are expected to be highly skilled. But the kind of skills required differs slightly from those required of employees of Aspect Capital. This company engages employees with very strong communication skills, and is able to influence others who will share knowledge and have team approach. All recruits are made to undergo an induction programme, and all are required to follow in communication

and listening skills, as these form the bedrock of the company's culture [2] In Aspect Capital, possession of skill is considered important but in W. L. Gore, employees are expect to possess more than technical skills. Tacit skills and institutional knowledge were found to be relatively more important than technical skills in many of the HPWOs studied. Thus, the attention paid to possession of skills in HPWOs is in line with the findings from the case studies reported by [8].

With Respect to training, Aspect Capital spends time to train new recruit. For instance new recruit into the research team is made to attend external courses in hedge funds and financial markets. Because Aspect Capital deals with very complex financial products, it takes care and time to train its new recruits [3]. The company has "strong focus in training including the imaginative use of high quality coaching and mentoring to build an 'incubator' for 'on-the-job and company specific training" [6]. On the other hand, W. L Gore makes more use of employees with prior experience in technology. However, it makes "use of 'sponsors' to facilitate continuous development and training and achieve a close link between personnel" (Sung and Ashton, 2009). it was found from the case studies that in most of the organisations, training and continuous development was regarded as what must be in place. In HPWOs, training that is relevant to performance needs are considered more important than training aimed at quantity. In addition, recruit that come directly from academia is made to spend time in in the Financial Engineering team, learning about Aspect Capital quantitative approach to hedge fund management, different areas of research interfaces with sales team and its investors needs into research team. In addition, for sales team, training in hedge fund is very thorough and specific.

On the other hand, W. L.Gore engages employees in internal training of its employees. The company also encourages continuous learning and external education. The company's in-house

Learning and Development team offers several workshops on communications, computer skills, leadership, project management, sales training, safety, and technical skills (Gore, n.d.).

Commitment and Reward (Non-financial rewards and pay): At Aspect Capital, employees are rewarded based on the rating in the Quarterly Individual Bonus (QUIB). Performance assessment of individual workers is based on QUIB. "A bonus is paid each quarter equal to individual's QUIB multiple, times their quarterly salary, times their QUIB score" [2]. In addition, Aspect Capital has an annual compensation scheme which comes up at the end of the year where every employee is entitled to enter into the discretionary profit share scheme. Every individual is assessed on their contribution to the business during the year [9], and rewarded accordingly.

On the other hand, at Gore, employees are not paid to do a job. They are rewarded for their contributions. Reward is based on recommendations made by your colleagues who see you and how you are working hard to make the company grow. This practice agrees with the report on the findings of [3] that some of the bundles of HPWPs work better than the others in achieving particular outcomes. For instance W. L. Gore made use of human resources, and rewards and commitment practices and high involvement practices to achieve better support for staff and organisational effectiveness. This approach was found in the case studies reports by [6] to be used more by companies in the manufacturing industry such as W. L. Gore. In contrast, Aspect Capital which is a company in the financial sector made intensive use of financial incentives to achieve high performance work and performance management.

High Employees Involvement: In this regard, both companies have strong strategies for promoting high employee involvement. However, there are differences in their approaches to this issue. At Aspect capital, [5] stated that the company's explicit goal is to build a business which people feel passionate

about working in. To achieve this objective and increase employees involvement, the company pays attention to issues such as looking after the staff, providing a challenging and dynamic environment, focusing on team work, creating a fair, sociable and open workplace to increase their chances of success.

On the other hand, at W. L. Gore high employee involvement is achieved through giving every employee the opportunity to attain the high he wants through his contributions to the growth of the organisation. At Gore, employees work without supervision. No manager and no bosses to tell you what to do, no job descriptions, and no fixed job to be released. This arrangement create a situation where employees take the job as their own, thus they work with commitment and high involvement. Also, the way the employee is rewarded based on QUIB formula and compensation encourages high employee involvement. In addition, the way learning is supported, the way knowledge is shared and how decisions are made coupled with the high level of trust within the company encourage high level of involvement of employees.

Managing Team Performance: At W. L. Gore, an individual becomes a team leader if he has followers, and people will only follow somebody if they respect his knowledge, has skill and a bit of vision. (Sung and Ashton, 2009). It is arguable that since those who are leaders at Gore attain such position because people believe in them, the followers will obey them and carry out their advice. By implication, team performance will be enhanced under these prevailing conditions. This agrees with the findings in the report of [14] that HPWPs are driven by leaders. W. l. Gore has capable and competent leaders attested to by their colleagues. W. L. Gore operates with project team.

On the other hand, at Aspect Capital, the situation is different though the company also operates with teams of various types. These include sales team, Financial Engineering team, and so on. Aspect

Capital makes use of “the top flight dealing team- people who have the knowledge to place orders in the market

efficiently [11]. Since this company uses top flight teams, team performance could be said to be effective and productive.

CONCLUSION

This study suggests that both Aspect Capital and W. L. Gore use high performance work systems and practices to achieve business success. The strategies used by the companies differ in some respects but are similar in certain areas. The differences in the approaches are perhaps because of the differences in the nature of the business each of the company engage in. However, what was glaring from the study was that high performance work organisations achieve their objectives through encouraging

employees to be committed to work, work as a team work, engage in creativity and making workers to place objectives of the organisation as target to be achieved. Both Aspect capital and W. L. Gore are among the leading companies as a result of HPW and PM practice. This development is in line with the findings from the case studies reported by Sung and Ashton (2009) that High performing organisations seem to be leaders in their industries, creating best practice rather than following it.

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