

## Managing Strategic Performance Lecture Notes

Lecture 1 – 24/03/16

### MSP Definition

- Niche subject in HR

### Performance Management Definition

Performance:

- Task vs contextual performance
- Results vs behaviours (social performance)
- Organisational vs team vs individual performance (Multilayered)

Definition:

- Means which managers ensure employees' activities and outputs are congruent with organisation's goals
- Performance appraisal: niche process which organisation gets info on how well someone is doing their job (analyse how well employee's performance is)
- Performance feedback: process of providing employees with information regarding performance effectiveness.

### Evolution of PM (Performance Management)

FROM	TO
System	Process
Appraisal	Joint review
Outputs	Outputs/ inputs
Reward oriented	Development oriented
Ratings common	Less rating
Top-down	360 degree feedback
Directive	Supportive
Discrete event	Continuous process
Monolithic	Flexible
Owned by HRM'ger	Owned by users

### Main Features of PM

Figure 2.1 Strategic performance management



- Strategic (Corporate)
- Integrated
- Shared
- Continuous process
- Organisationally specific
- Flexible
- Owned and delivered by managers

#### Problems in Operationalising Strategic PM

- Develop corporate strategy
- Short term focus for companies
- Change experienced by organisation
- Setting objectives (all levels)
- Achieving integration – vertically & horizontally

#### PM as Strategic Process

- Induction and socialisation
- Performance planning
- Review, feedback
- Identify outcomes (reward, training & development)
- Counselling and support

#### Benefits of Strategic Approach

- Help achieve organisation strategic aims
- Enhances individual and group performance
- Clarifies organisational goals and creates 'line of sight'
- Enhances motivation, commitment and engagement
- Creates culture of performance and continuous improvement
- Facilitates organisational change
- Clarifies individual responsibilities and expected behaviour
- Develops employee capabilities
- Helps people understand themselves
- Facilitates communication and involvement
- Helps managers manage
- Provides information for making HR-related decisions

#### Role of HR Function

- Designing and communicating performance management strategy
- Reviewing strategy
- Supporting line managers
- Give employment relations between people highly trustworthy.

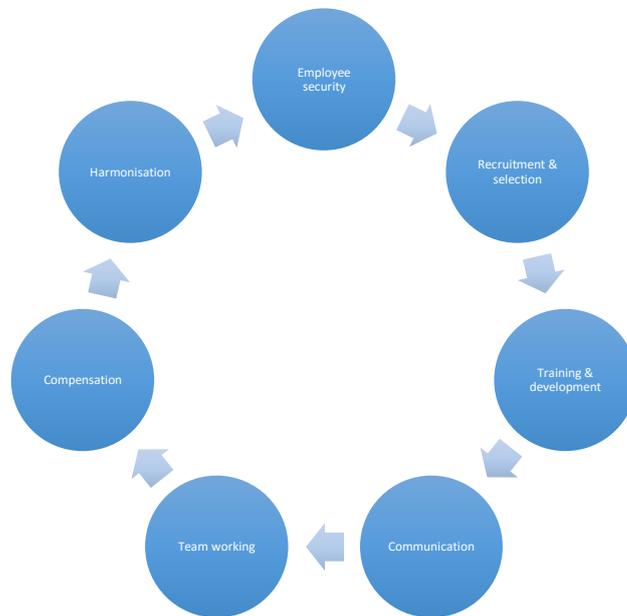
#### HR & Performance Link

1. Universalistic/best practice HRM
2. Contingency/best fit
3. Resource-Based View of firm (RBV)

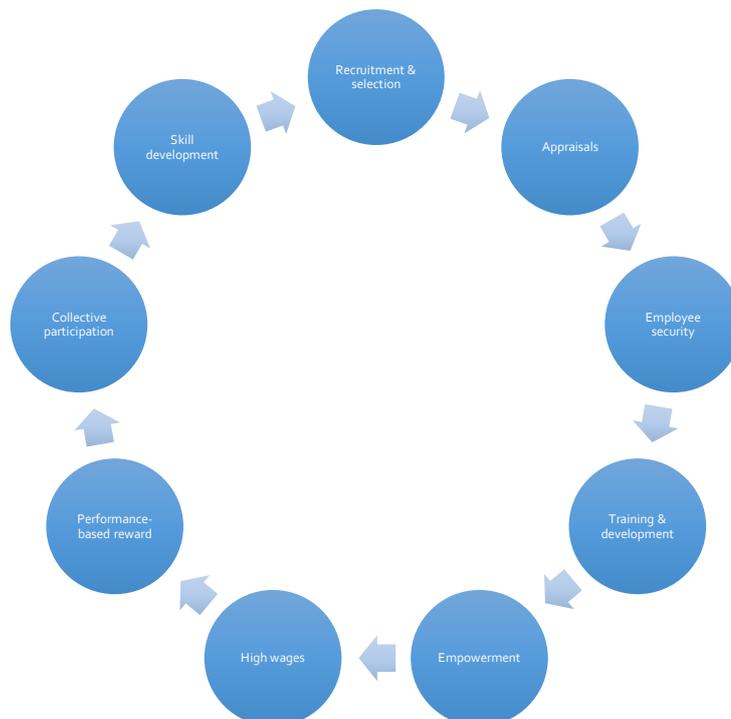
## Best Practice HRM

- Highlight relationship of 'sets' of good HR practice and performance
- HR practices operate more effectively when combined together into coherent and integrated 'bundle'
- Universally applicable
- "High Commitment Management", "High Performance Work Systems"

## Pfeffer's Seven HR Practices 1988



## Wood & DE Menezes Eight HR Practices 1998



## Appelbaum Et Al High Performance Work Systems

- Opportunities to participate (ability to grow)
- Skill enhancement
- Incentives (financial and non-financial) to increase motivation

## Criticisms (Best Practice)

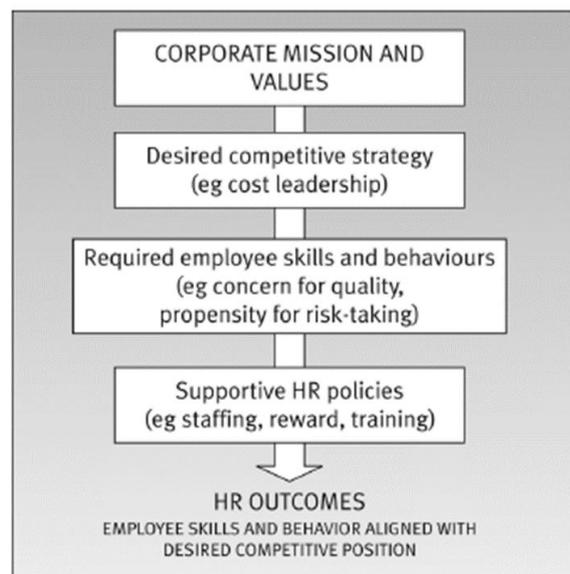
- One size fit all?
- Lack consensus over core HR practices and their content
- Methodological problems
- Fails to address issue of causality
- 'Black Box' problem (not knowing the minute details between a starting and ending point of an applied strategy) – how & why practices make difference

## Best Fit

- Effectiveness HR strat, policy and prac depends on how close they're aligned to internal + external environment
- Context factors taken into account
- Emphasises vertical integration

## Linking HR to Competitive Strategy

Figure 1.1 Linking HR practices to competitive strategy



Source: adapted from Schuler and Jackson (1987, as cited in Boxall and Purcell, 2011)

## Different Role Behaviours for Different Competitive Strategies

- Innovation → Risk taking, cooperation, creativity → Selection, appraisals, high level discretion, broad career paths
- Cost Reduction → Predictable behaviours, short term, concern for quality → Flexible work force, low investment in training, tightly defined jobs. (Schuler & Jackson (1987)

### Criticism (Best Fit)

- Defining organisational strategy
- Not flexible b/c increasingly volatile environments
- Limited empirical support
- Issue of causality and 'Black Box' Problem

### Resource Based View (RBV)

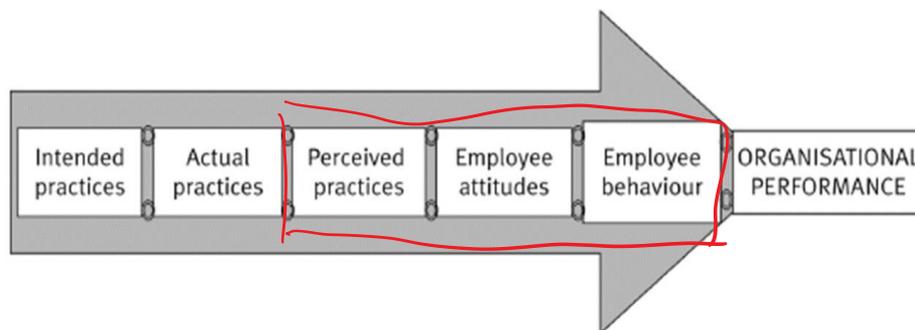
- Internal resources of firm (inside out)
- Value: resource must add value to firm
- Rarity: firm doing something different with employees unlike their competitors?
- Inimitability: resources difficult to copy
- Substitutability: resources can't be easily substituted

### RBV Criteria for Resources

- Value → Employees with high skill level
- Rarity → Highly specific skills
- Imitability → Employees with skills and knowledge (difficult to copy)
- Substitutability → Skills/knowledge not easily replaced by other factors

### Unlocking Black Box (HR Causal Chain)

Figure 1.2 The people management–performance causal chain



Source: Purcell and Hutchinson (2007a)

A = ability, M = motivation

O = opportunity