

# Transforming Workers to Winners: Creating the High Performance Organizations

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## **Abstract**

This analysis was carried out on the title of “Transforming Workers to Winners by Creating the High Performance Organizations”. The main aim of this article was to identify the factors that determine the continuous success of high performance organization. Then to get this objective the paper was organized into introduction, body & conclusion of the reviewed empirical data. Accordingly the empirical data was assessed and finally the conclusions drawn to show directions for business organizations how to make winners their employees.

**Keywords:** Transforming Workers, Winners, High Performance Organizations.

## **1. Introduction**

Transforming workers to winners by creating the HPO is very interesting issues in the business organizations to get competitive advantage. This is forever increasing demands of stakeholders to adapt more rapidly to growing international competition. To compete simultaneously on the basis of price, quality, flexibility, delivery times & after-sales support any organization must know the concept of HPO (Kasarda & Rondinelli, 1998). HPO offer organizations competitive advantage (Lawler, 2003).

Until now there is no generally accepted definition of HPOs in the literature there are different terms which can explain the term HPO these terms are accountable organization, the adaptive enterprise, the agile corporation, the flexible organization, the high performance work organization, the high-performance work system, the high reliability organization, the intelligent enterprise, the real-time enterprise, the resilient organization, the responsive organization, the robust organization, & the sustainable organization(Epstein, 2004). In some of the common themes found in the literature were: sustained growth; better financial & non-financial performance compared to its peer group; long-term orientation; better results over a period of at least five years.

Taking the common themes as starting point, the following definition of HPO was formulated: A high performance organization is an organization that achieves financial & non-financial results that are better than those of its peer group over a period of time of at least five to ten years (Waal, 2007).

Nevertheless the main challenge facing managers today is how to transfer their organizations into high-performance work systems, with the right combination of people, technology, & organizational structure to make full use of resources & opportunities to achieve their organizations’ goals. Organizations need to determine what kinds of people fit their needs, & then locate, train, & motivate those special people is the main question of this seminar paper. According to research, organizations that introduce integrated high-performance work practices usually experience increases in productivity & long-term financial performance (Lawler, 2003). Then this seminar paper was tried to see if the investigator covered all these issues to fill the existing gaps by using reasonable methods of the research.

## **2. Definition of a HPO and Empirical Review**

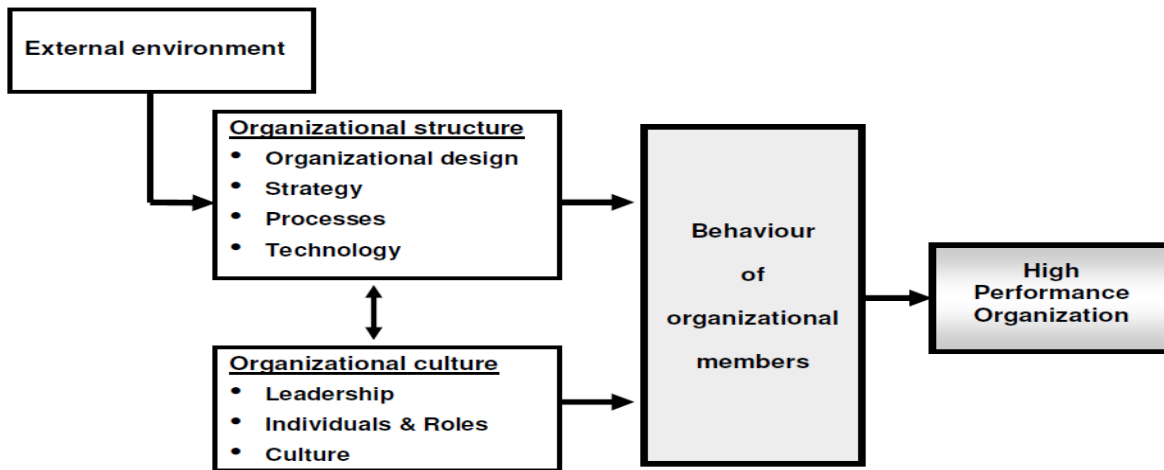
As explained in the introduction parts there are different definitions of HPO in the literature. The definitions in the literature are combined, and the following themes: HPO achieves sustained growth, over a long period of time, which is better than the performance of its peer group (Collins and Porras et al., 1997), HPO has a great ability to adapt to changes(Kotter and Heskett et al., 1992),HPO is able to react quickly to these changes(Garratt et al., 2000),HPO has a long-term orientation(Mische et al., 2001), the management processes of a HPO are integrated & the strategy, structure, processes & people are aligned throughout the organization(Hodgetts et al., 1998),HPO focuses on continuously improving & reinventing its core capabilities(Hodgetts, et al., 1998) and HPO spends much effort on improving working conditions & development opportunities of its workforce(Kling, et al., 1995)

Based on the common themes, the following definition of a HPO is more accepted:

A High Performance Organization is an organization that achieves results that are better than those of its peer group over a longer period of time, by being able to adapt well to changes & react on these quickly, by managing for the long term, by setting up an integrated & aligned management structure, by continuously improving its core capabilities, & by truly treating the employees as its main asset.

### 3. HPO Characteristics

In order to be able to classify the HPO characteristics, the framework of Kotter and Heskett (1992) was used with that of Scott Morton (2003). These frameworks were used by different organization because their relatively simple set-ups made it easy to subdivide a large amount of information into factors. The Kotter and Heskett framework defined four factors which influence human behavior in organizations: organizational culture; organizational structure (formal structure, systems, processes and policies); leadership of the organization; and external orientation (competitors, public and legislative organizations). Scott Morton's framework enlarged the external environment factor by adding customers, suppliers and partners, and broadened the framework by adding a factor called 'individuals & roles' and by adding strategy, organizational design and technology to the organizational structure factor. Each factor in the resulting framework determined the degree in which organizational members exhibit performance-driven behavior, which reflected whether the organization was a HPO or not (De Waal, 2004).



#### 3.1 Organizational culture

##### A. Organizational Design Characteristics

- Stimulate cross-functional & cross-organizational collaboration.
- Simplify & flatten the organization.
- Foster organization-wide sharing of information, knowledge & best practices.
- Constantly realign the business with changing internal & external circumstances.
- Create a sense of ownership & entrepreneurial feel.
- Establish a consistent responsibility structure with clear roles & accountabilities.

##### B. Strategy characteristics

- Define a strong vision that excites & challenges.
- Balance long-term focus & short-term focus.
- Set clear, ambitious, measurable & achievable goals.
- Create clarity & a common understanding of the organization's direction & strategy.
- Align strategy, goals, & objectives with the demands of the external environment.
- Adopt the strategy that will set the company apart.
- Focus on a limited number of key priorities.
- Regularly alter & renew the organization.
- Have a ruthless focus on value.
- Keep growing the core business.
- Focus on bottom-line profit & cash-flow as well as top-line growth.

##### C. Process characteristics

- Design a good & fair reward & incentive structure.

- Continuously simplify & improve all the organization's processes.
- Measure what matters.
- Report to everyone financial & non-financial information needed to drive improvement.
- Continuously innovate products, processes & services.
- Strive to be a best practice organization.
- Create highly interactive internal communication.
- Deploy resources effectively.
- Strive for continuous process of optimization.

**D. Technology characteristics**

- Implement flexible ICT-systems throughout the organization.
- Apply user-friendly ICT-tools to increase usage.
- Become a pioneer at applying the chosen technologies.
- Constantly identify & exploit new technologies to gain competitive advantage.

**3.2 Organizational culture**

**A. Leadership characteristics**

- Maintain & strengthen trust relationships with people on all levels.
- Live with integrity & lead by example.
- Apply decisive action-focused decision-making.
- Coach & facilitate.
- Stretch yourselves & your people.
- Develop effective, focused & strong leadership.
- Allow experiments & mistakes.
- Inspire the people to accomplish extraordinary results.
- Grow leaders from within.
- Stimulate change & improvement.
- Assemble a diverse & complementary management team & workforce.
- Be committed to the organization for the long haul.
- Be confidently humble.
- Hold people responsible for results & be decisive about nonperformers.
- Have a long-term orientation.

**B. Individuals & Roles characteristics**

- Create a learning organization.
- Attract exceptional people with a can-do attitude who fit the culture.
- Engage & involve the workforce.
- Create a safe & secure workplace.
- Master the core competencies & be an innovator in them.
- Develop people to be resilient & flexible.
- Align employee behavior & values with company values & direction.
- Foster self-discipline of people.
- Create a work environment that is challenging, satisfying & fun.
- Treat individuals as investors actively building & deploying their human capital.

**C. Culture characteristics**

- Empower people & give them freedom to decide & act.
- Establish strong & meaningful core values.
- Develop & maintain a performance-driven culture.
- Create a culture of transparency, openness & trust.
- Create a shared identity & a sense of community.
- Develop an adaptive culture to achieve long-term success.

**D. External environment characteristics**

- Continuously strive to enhance customer value creation.
- Maintain good & long-term relationships with all stakeholders.
- Monitor the environment consequently & respond adequately.
- Choose to compete & compare with the best in the market place.
- Grow through partnerships & be part of a value creating network.
- Only enter new business that complements the company's strengths.
- Develop a global mindset

#### 4. HPO Framework

The American Management Association (AMA) perceives HPOs as companies that are role models of the organizational world to the extent that they become the reality of the world versions of a modern management ideal (AMA, 2007). Although the definition of HPOs by the AMA appears to be an apt description, the performance measures of organizations can also be viewed in terms of strong financial management (Brown & Eisenhardt, 1998); satisfied customers and employees (O'Reilly & Pfeffer, 2000); high levels of individual initiative (Foster, & Kaplan, 2001); productivity and innovation, aligned performance management, and reward systems as well as human resource performance measurement (Becker & Gerhart, 1996; Delany & Huseilid, 1996). De Waal (2010) defines HPOs as “organizations that achieve financial and non-financial results that are better than those of their peers over a period of time of at least five to ten years” (de Waal, Duong, & Ton, 2009, p. 182; de Waal, 2010, p. 10). For the purposes of this study, the definition of HPOs by de Waal (2010) has been adopted because it appears to incorporate the various dimensions of HPOs and provides a holistic view by which to examine organizational performance. What follows, therefore, is a discussion of de Waal's HPO framework (de Waal, Duong, & Ton, 2009; de Waal, 2010).

Organizations that are high performing are the ones that are on top of their industry in terms of profit maximization and cost minimization while having excellent relationships with, employees, customers, and other stakeholders. These organizations have been described by Jamrog, Vickers, Overholt, & Morrison (2008) as examples of modern managerial excellence in the world. The five factors put forward by de Waal (2010) constitute his HPO framework. Accordingly, these factors should be able to assess and predict organizational performance and must be a reference point for other organizations in critical areas of organizational life. De Waal's HPO framework isolated five factors and argues that organizations that adopt them may become HPOs. The question is to what extent does the HPO framework of de Waal predict organizational performance? In order to understand the relationship between de Waal's HPO factors and organizational performance, each of the factors has been explained alongside the relevant hypothesis.

- a. **Continuous Improvement & Renewal (CIR):** De Waal explains continuous improvement and renewal as the adoption of unique strategies through developing many new options and alternatives to compensate for dying strategies. The organization innovates products, processes, and services on an ongoing basis to gain and maintain competitive advantage by rapidly developing new products and services to respond to the changes in the market. Added to this is the fact that the organization continues to master and innovate its core competencies by doing what it does best: keeping the core competencies in the firm and outsourcing the non-core competencies (De Waal, 2010). The emphasis that de Waal placed on core competencies of organizations appears to be what has been suggested by Gary (2009) as strengths. Gary (2009) appears to support de Waal by stating that organizations should emphasize their strengths, which will make them HPOs rather than worry about their weaknesses.
- b. **Openness with Action Orientation (OAO):** This characteristic calls for the creation of an open culture to be used in achieving results. In this regard, management devotes time for communication and knowledge exchange, respects the opinions of employees, and allows for risk taking, experiments, and mistakes, which are seen as opportunities to learn. Management therefore “welcomes and stimulates change by continuously striving for renewal, developing dynamic managerial capabilities to enhance flexibility and is personally involved in change activities” (de Waal, Duong, & Ton, 2009, p. 184).
- c. **Management Quality (MQ):** Management Quality has been explained by de Waal (2010) as maintaining a relationship of trust with people at all levels of the organization, valuing employee loyalty, understanding people's ability, showing respect to people, creating and maintaining individual relationships with employees, encouraging belief and trust in others as well as treating people fairly. In addition, management is decisive and action focused and thereby holds people responsible for results and does not give room to non-performers. Management thus develops an effective and strong management style in communicating the values and ensures that the strategy of the organization is known and accepted by all members of the organization (de Waal, 2010). This characteristic appears to be in line with the concept of leadership put forward by Gary (2009) in so far as he attributes the acts of leadership that make organizations HPOs and not the positions of employees (Gary, 2009). This approach also appears to be embedded in philosophies of HR (Becker & Gerhart, 1996; Delaney & Huseilid, 1996) since it focuses on the strategy established to manage people so as to achieve the objectives of the organization. Thus organizations that are able to set clear goals, understand their employees' abilities, and guide their performance might be said to be on a path to achieving HPO status.
- d. **Workforce Quality (WQ):** Linked to the characteristic of Management Quality is the issue of Workforce Quality. This calls for the recruitment of a diverse and creative workforce, which should continuously be developed and trained to accomplish extra-ordinary results. A HPO would also ensure that the workforce goes

into partnership with suppliers and clients=customers and should be held accountable for performance to ensure their creativity and looking for new ways of production for the achievement of the desired results (de Waal, Duong, & Ton, 2009; de Waal, 2010).

- e. **Long-Term Orientation (LTO):** This factor emphasizes a good and long-term relationship with all stakeholders, be they employees, suppliers, clients=customers as well as with the society at large. There is thus the need to network broadly, create mutual and beneficial opportunities to all stakeholders by ensuring a win-win relationship and to be generous to society. A HPO should grow new management from within and develop leaders who could be promoted to fill vacancies that may occur and to provide a safe and secure work environment (de Waal, Duong, & Ton, 2009; de Waal, 2010). In addition, if organizations want to be high performing they need to think beyond the traditional approach of doing things and must, among other things, focus on customer experiences and collaborative networks (Prahalad & Krishnan 2008).

**4. Relation b/n HPO Factors & Competitive Performance:** The HPO study shows that there is a direct relation between the HPO factors & competitive performance. Organizations which pay more attention to HPO factors & score high on these consistently achieve better results than their peers, in every industry, sector & country in the world!. Conversely it is also true those organizations which score low on HPO factors rank performance-wise at the bottom of their industry. The difference between HPOs & non-HPOs is particularly significant in the case of HPO factor Long Term Commitment: HPOs pay considerably more attention to the designated aspects of long-term commitment than non-HPO organizations, & are therefore able to improve their performance significantly.

#### **5. Outcomes of a High-Performance Work System**

- Outcomes of a high-performance work system include higher productivity & efficiency.
- These outcomes contribute to higher profits.
- Other outcomes include:
  - High product quality
  - Great customer satisfaction
  - Low employee turnover
- The outcomes of each employee & work group contribute to the system's overall high performance.
- The organization's individuals & groups work efficiently, provide high-quality goods & services, etc., & in this way they contribute to meeting the organization's goals.
- When the organization adds or changes goals, people are flexible & make changes to as needed to meet the new goals.

#### **6. Conclusion**

This seminar paper comprises a number of working papers, originating from the Social Sciences Research Network and assessed. In regard to the issue of generalization attempts to make empirical generalizations are inevitably inductive by nature and thus "I can never be sure whether my reasoning preserves truth or not, as is possible in the case of induction why for generalization companies fundamentally have to be quite similar. Although many institutions worldwide are growing similar in the way they are managed, it still cannot be stated with certainty that they are similar in nature. Based on the previous research results seen, there are so many ways how to transform organization in to high performance. So many HPO characteristics have to do with management – that the HPO factors are still valid for the foreseeable future. So, further research should focus on validating the HPO factors in even more countries and industries to check as they performing good or not. Also, additional research should focus on the "how" know that the "what" is known. The HPO framework stipulates "what" is important to become and stay successful but is does not indicate "how" organizations can achieve success. So future research should concentrate on identifying, collecting and describing "best ideas" of organizations who have achieved success in some or maybe all of the HPO factors. Finally, the ever present issue of causality should be further investigated to answer the question whether HPOs have the time and resources to foster the characteristics of high performance, or whether the characteristics create a HPO.

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