THE IMPACT OF EMPLOYEE BEHAVIOUR ON ORGANIZATIONAL PERFORMANCE
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Introduction

This paper provides some insight into the impact of Organizational Culture on the performance of the organization, and to discuss the challenges and some ideas for embedding the desired organizational culture. The paper also discusses the role of HR as a business partner who in addition to providing many other services, also provides the services that enables line managers to understand the impact of people on business performance and how to use this understanding to coach employees to consistently perform at their best. HR partnership should enable line managers to develop the skills and capabilities required to get the best out of employees.

This paper has been produced by:

a. Reviewing issues that face leaders of businesses;

b. Examining my personal experiences of HR impact on business;

c. Examining my personal experience in line management role; and

d. Discussions with key individuals who have many years experience as line managers, chief executives, and managing directors.

Business environment has become very dynamic, competition continues to intensify, and customers are increasingly sophisticated in their needs so much that to continue to be successful, businesses have to be able to see around the corner and be fleet of foot in order to be able to meet customer needs and most importantly to retain customers. This requires a strong organisational culture to underpin the business strategy; this is the ways in which employees behave and the ways in which they work. Line managers have the responsibility to influence employee attitude and behaviour in order to build this culture and thereby impact employee performance; and HR impact on the business must be to partner line managers to acquire the skills and capabilities required to perform this role effectively.

According to Peter Drucker, there are only two areas of big decisions in any business organisation:

a. Capital Investment decisions, and

b. People decisions.

Frederick Smith, the founder of FedEx remarks that People satisfaction leads to customer satisfaction which in turn leads to profit.

These assertions re-enforce the concept that people are critical to the success or failure of any business. The ultimate result of HR contribution to the business must be that all employees and teams of employees perform at their best year after year.
In putting this paper together I have deliberately minimised the use of HR terminology or jargons because I know from experience that excessive use of terminology disengages line managers and employees. Line managers tend to hold on to biases of old HR image and practices so when you use too many jargons, they switch off and say “there goes HR again” and you lose their attention.

Please note that the use of the pronouns in this presentation refers to both genders.
Emerging Trends

Globalisation is now the common expression of the phenomenon that is driving a great dynamism in the business environment across the world. No business is immune from the effects of this “globalisation”; indeed, no country is immune whether “developed” or “developing”. Competition as well as opportunities are no longer localised within a nation, region or continent, every business is now competing with competitors all over the world. Coupled with this is the fact that there is an unstoppable push from within Africa and outside Africa for the entrenchment of democracy and liberal economic principles. These factors are driving a very dynamic business environment; opportunities are being created as investment into the continent increases but, there are also many challenges as well as the intensification of competition.

Many businesses have implemented change in their operations in order to be favourably positioned to operate effectively in this dynamic environment. A big aspect of this change has been the “delayering” of organisations and changes in managerial values. An important consequence of this is that the processes by which managers of businesses achieve results are now much more complex than when command and control was more acceptable. However, in spite of the complexity now associated with making things happen in modern businesses, managers are under tremendous pressure to deliver outstanding business performance consistently and quickly.

The application of new and innovative management and leadership skills is an imperative for delivering outstanding performance in today’s business environment. Managers must develop the complex skills and capabilities required to influence employee behaviour in order to consistently achieve outstanding business performance.

Some of the common emerging themes for line management are:

1. Leadership by Values

   This is about leading businesses through the communication and role modelling of values and the creation of a strong organisational culture. The focus is no longer on managing operational issues and processes. “Walking the talk” and creating a climate in which the desired behaviours are valued is an important aspect of line management role. Most successful businesses are characterised by a strong and clear culture; a culture that is consistent with strategy.

2. Building a Committed and Results driven Team

   Successful business performance depends increasingly on a committed and results driven workforce at all levels. In order to achieve this, command and control must give way to a style of influencing which is focused on empowering and motivating individuals and helping to unleash their individual and collective energies. Line managers must be able to empower the staff whose activities nevertheless must be focused, aligned, and co-ordinated. When people share common BELIEFS and
VALUES, they are able to build mutual trust, communicate effectively; decisions are understood easily and therefore quickly enacted.

3. Recruiting and Retaining the Best Talents

Businesses will continue to be successful by retaining the best talent in a very competitive marketplace. Attracting and using the best fit talent will therefore be a key competitive advantage. Consequently, line managers need to pay personal attention to the recruitment and retention of best fit talent rather than delegating recruitment and retention issues entirely to HR. The ways in which employees behave and work to achieve outstanding performance could be the reason that an employee is happy and motivated and it would be an important reason why he declines that offer for a higher paying job.

4. Managing Individual and Team Performance

Successful line managers require every employee to perform at his best. The ability to coach every member of the team and the team as a whole in order that they can consistently perform at their best is a significant determinant of a line manager’s success. The values, beliefs, attitudes and behaviours within an organization impact individual and team performance.

5. Innovation

Driving innovative and imaginative solutions to both the internal and external customer needs is an important task for line managers. Creating organisations that are diverse and can respond at speed to customer needs is critical to generating innovative solutions. Line managers must involve their teams to develop innovative ways to deal with these complexities effectively. The organization’s culture would either promote or inhibit innovation.
Business Strategy and its Execution

The aim under this topic is to outline the key characteristics of strategy, its importance to business performance, and the importance of the people impact of behaviour on the success of the execution of strategy.

The discussion of the concept of business strategy at this stage is required because the business strategy determines the core business of the organisation, the priority areas, the targets, how they will be achieved, and the resources required. It therefore sets out the expectations and focus for line managers. Line managers are expected to use the resources available to achieve specified results that contribute to the achievement of the overall business goals.

The strategy is “the determination of the long-term goals of a business and the adoption of major policies and courses of action as well as the allocation of resources necessary for achieving these goals”.

To do this successfully business leaders try to find accurate answers to three basic questions:

1. Where are we as a business?
2. Where do we want to get to, what is the vision/dream? i.e. what is the transformational goal?
3. How are we going to get there – the mission/strategy?

Ineffective execution is responsible for the under performance of most strategies and not the quality of the strategy. This means that most businesses have quality strategies but fail to achieve the intended results from them because these strategies are poorly executed. Execution of any strategy is dependent on people and that is why the impact of people behaviour is critical to the successful execution of strategy.

It is a well-known fact that most successful businesses have a clear and strong organisational culture that is consistent with their strategy; that is they have a recognisable set of beliefs and values that dictate the attitudes and behaviours of employees. This is a clear indication of the fact that the effective execution of the strategy of a business is underpinned by a desirable culture; desirable behaviours and attitudes for that matter. This is a reason why the impact of employee behaviour on the business must be recognized at the very top of business.
Organisational Culture – *Employee Attitude and Behaviour*

The ways in which employees behave impact business performance to a big extent; it is a critical success factor for outstanding business performance. It is therefore imperative that all businesses build a clear and strong organisational culture that provides the means by which organisations can embed behaviours and attitudes that are aligned to the strategy of the business.

As a critical success factor, organisational culture can be the difference between mediocrity and outstanding business performance. For example if an airline business communicates a message to customers that “we fly you on time” but the employees of this airline do not demonstrate a behaviour of punctuality and urgency then you cannot expect customer satisfaction and you cannot expect outstanding business performance.

The VALUES of an organisation provide the more effective means for mobilising employees rather than targets and processes. When people share common BELIEFS and VALUES, they communicate effectively; decisions are understood easily and therefore quickly enacted.

Organisational culture is also a powerful retention factor that must be exploited by managers of business. It is a well known fact that good pay and other benefits are not the only reasons that employees remain in employment; the business which spends the most money on its employees is not necessarily the business which delivers the best performance or is able to hold on to its best talents. The VALUES of an organisation, the ways in which employees behave and work to achieve outstanding performance could be the reason that an employee is happy and motivated to come to work everyday and it would be an important reason why he declines that offer for a higher paying job.

It is therefore an imperative for business leaders to develop initiatives and programmes that enable the business to establish the right organisational culture. These programmes must communicate the key messages accurately and be aspirational as well as energetic and exciting enough to engage the entire organisation. These programmes must also include guidance and coaching of line managers to enable them to develop the necessary skills to influence employees’ behaviour. Leaders must also develop a system that enables the business to reward right behaviour. All these done properly will motivate employees build the right behaviours and attitudes.

Where a business fails to establish a clear and strong organisational culture, a culture does emerge anyway driven by naturally charismatic employees who by virtue of their position or links to top management explain the reasons behind events that take place within the organisation. In these situations, the “whisper in the corridor” determines what an employee will value and believe and this dictates how he will behave.
The result of such a culture is that:

1. Employees’ attitudes and behaviours are counter productive,
2. It is very stressful for line managers to achieve results through people,
3. People management processes fail to make the expected impact on the business,
4. Employee morale deteriorates,
5. Turnover of employees increases and the business loses its best talents especially in the areas where such talents are scarce. The poor performers usually remain.
6. Corporate image suffers and the business faces difficulty in recruiting top rate talents, and

It is important to remember that building an organisational culture is a change process; it is not an event that will happen once and it is done and dusted. This change process requires sustained leadership from the very top of the organisation and managers at all levels.
The Challenges Line Managers Face

Given that a clear and strong organisational culture is a critical success factor for achieving consistent and outstanding business performance; and given the role of line managers in developing the desired attitudes and behaviours of employees, it is important that we understand and appreciate the challenges that line managers face in carrying out the people management aspect of their jobs effectively.

Carrying out the people management aspect of their jobs effectively requires line managers to develop certain skills and capabilities and HR partnership is required to give a guided skills coaching to line managers.

Some of the challenges that line managers’ face:

1. **Line Manager’s Skills and Capabilities**

   *Focus and alignment*

   Line managers do face the difficulty of focusing and aligning their teams behind the business strategy. It is not uncommon to find line managers losing focus and getting involved with activities and tasks that do not add value directly or indirectly to the achievement of the business strategy.

   When line managers are focused and aligned to the business strategy, they are able to determine their contribution to the achievement of the business strategy and also understand the contributions of others at his level, above, and below him. They can therefore take ownership because they know how their contribution fits into the bigger picture.

   Focus and alignment also gives sufficient freedom for the employee to operate in and empowers employees to reach their best performance nevertheless in a well co-ordinated manner.

   *Functional Skills and Capabilities*

   Another important challenge that line managers face in the performance of the people aspect of their roles is the strength of their own functional skills and capabilities. When line managers do not have mastery of their functional skills and capabilities, it is difficult for them to fit their teams into the scheme of things, delegation is poor, employees tend to be under pressure a lot of the time, and there is stress. This tends to adversely affect employee behaviour.
The line manager must have the functional skills and capabilities to perform effectively in his role and he must be able to develop and improve on these skills and capabilities. Line managers must be able to carry out and oversee all the analysis, planning and implementation required in his function or department. A mastery of these skills and capabilities is an important boost to the line manager’s confidence as well as the confidence of his team. Line managers must however not fall into the trap of thinking that he must have all the answers.

Some managers mistakenly think that it is by providing all the answers and solutions that they become recognised as the boss. But to provide all the answers is

i. humanly impossible;
ii. it reduces the potential contribution of team members; and
iii. it delays decision making and implementation of ideas and solutions leading to customers’ dissatisfaction.

A manager is successful when every individual in his team performs at his/her best.

Leadership Skills and Capabilities

In many cases when line managers have mastery of the functional skills and capabilities, they are handicapped by their leadership skills. One could find a lack of basic knowledge of people issues.

They lack the skills to energise their teams and mobilise them around ideas and coach them so as to motivate them to achieve results.

It is a challenge for line managers to orchestrate a diversity of ideas, enable individuals to realise their potentials, be innovative, and seek solutions.

“Walking the talk” is not the easiest thing for line managers to do even though it is a powerful way to impact employee behaviour. Many line managers have an immense difficulty in combining their technical skills with their leadership skills. Indeed many line managers remain technicians throughout their entire careers.

2. Employee Performance Management

Employee performance management has been a challenge for both line managers and HR even though it is known that sustained high employee performance is a critical success factor for successful business performance. It has been a challenge for line managers to set stretching targets for their teams, observe their performance, analyse the observation to understand the factors that lie behind the performance and give feedback, support and coach their team members to higher performance.
Many performance management processes fail in implementation because they are:

a. Very technical and required high levels of skills that are difficult for line managers to master.

b. They tend to be very tedious to carry out because they require much information and data some of which line managers are unable to relate to so the process becomes a burden rather than a management tool.

c. The processes do not reflect a partnership approach so they fail to engage employees.

d. Line managers are not confident that the processes enable employee performance. Most of these processes turn out to be a box that must be ticked for the record.

Out of these experiences however, performance management processes have been developed in many leading businesses that are based on the concept of partnership where both the business and the employee’s interests share focus. These have proved to be successful in engaging the employee, enabling performance as well as personal development.

As a result of some past failures the challenge usually is to generate and sustain interest of line managers and employees in the processes.

3. **Retention of the Best Talents**

The style of line management has a significant impact on the retention of the best talents in the business. The ways in which a line manager relates to his team and how they implement the various people management processes and programmes will enable the employee to realise his potentials or frustrate the employee to leave the business.

Employees want to be at their best at work and they want to be recognised for their contribution and to be equitably rewarded.

It is a challenge for line managers to build effective relationships with their teams; the type of relationship that enables the employee to be at their best. Line managers also find it difficult to use the various people management processes effectively, especially “Recognition and Reward” to influence behaviour and drive performance.

Employees want to feel that they are equitably rewarded for their contribution to the business; in most cases the perception of equitable reward is more important to the employee than the amount of reward. The employees want their lot to improve as the business performance improves as a result reward is an important tool that the line manager must be able to use for driving retention of the best employees.
The challenge for line managers is to have a good understand of recognition and reward programmes of the organization and employee perceptions; line managers must therefore develop the skills to effectively use recognition and reward as an effective tool to drive retention.
HR Professionals as Business Partners

Many businesses have long declared that “people are our most important asset” and it is pleasing to find that the trend these days is that this statement is moving from slogan into practice. There is an increasing realisation that talent is an important competitive advantage as economies are evolving into knowledge based economies and capital as well as technology becomes more accessible to all businesses.

This trend is an opportunity for the HR Practitioner to impact the business in more significant ways and give credence to their role as important Business Partners. Measuring HR contribution has been a challenge, over the last ten years or so many businesses have developed various metrics for measuring HR contribution. The Values Survey process for measuring the people impact of behaviour on business is discussed in this article.

In many leading companies around Africa such as Coca-Cola, British American Tobacco (BAT), Diageo Africa, etc, HR has been positioned as an important Business Partner and this has enabled HR to take a greater leadership role in these businesses. However, it is not uncommon to find that in many businesses and public institutions HR Managers continue to assume the roles of line managers by taking on every matter of people concerns rather than partnering line managers to acquire the skills and capabilities to manage the people aspect because they are better positioned to do so.

Many reasons account for this situation; the top three are:

1. Unlike many functions in the business set-up, the HR function tends to be filled by managers from other functions whose careers in those functions have suffered some kind of setback.

2. Traditionally HR had not played a prominent role as a business partner and HR contributions had not been quantified and measured so it was not represented at the top level of the business. As a result it was not an attractive area in which many high performers wanted to pursue their careers.

3. HR has not shown how it is impacting the business. The business therefore does not rate HR as a partner.

With the movement of “people are our most important asset” from slogan to practice and with the prominent contributions that many HR functions make to their businesses HR is assuming its rightful position at the top of the business.

It is important that HR practitioners improve their skills and capabilities in order to impact the business and also to show through measurements how HR impact is contributing to the business.
There are many ways that HR contributes to the business and in this article, the focus is on the role that HR plays on “the people impact of behaviour”; in other words the impact of people on the business in terms of their behaviour. In this chapter I have discussed the role that HR plays in assisting line managers to develop the skills and capabilities that will enable them to influence people behaviour in the manner that drives the achievement of consistently outstanding business performance.

In many leading businesses, the technique of high performance coaching for line managers has been used with much success. This technique is used to train line managers in target setting, observing and measuring performance, developing an understanding of what lies behind performance, and ways in which the line manager can assist the employee to improve his performance. People behaviour is an important factor that lies behind employees’ performance as individuals and as teams and the line manager has the responsibility as a change agent to influence employee behaviour in order to drive performance.

The line manager’s mastery of the functional and leadership skills and capabilities required for the role he performs impacts employee behaviour as explained in the previous chapter under the “Challenges Line Managers Face”. In employee recruitment and selection HR must ensure that prospective candidates have the minimum functional and leadership skills and capabilities and HR must have programs for employees to continuously improve these skills and capabilities.

I outline below key responsibilities regarding people behaviour that HR must assign line managers and partner them to be able to carry out effectively.

1. Supporting Line Managers with Guided and Skilled Coaching

   Embedding an organisational culture is a change process that requires employees to acquire certain attitudes and behave in certain ways when they go about their activities and interact at work. The line manager is a change agent in this process and requires the following skills and capabilities to effectively influence employee behaviour.

   a. Line managers must be provided with an understanding of the VALUES and the behaviours that these values should dictate. HR should ensure that line managers understand and are able to use the processes and programmes that are designed to enable these behaviours and attitudes to be embedded.

   b. HR must implement programmes that enable line managers to develop good facilitation; strong influencing and consulting skills.

   c. Line managers must be equipped by HR to be able to build credibility and the ability to gain team and organisational support.
d. Line managers must be partnered by HR to develop coaching skills and be able to coach their teams to deliver outstanding performance.

e. Line managers must be partnered by HR to develop the ability to build effective relationships with key individuals and groups.

f. HR must assist line managers to appreciate that employees have come already with beliefs and values and an understanding of the implications of this to the change process is required.

In partnering the line manager, HR must be aware that they will not be able to impose any programs and activities on line managers so HR needs to be well equipped themselves. HR must have excellent influencing and consultation skills and must be able to facilitate sessions with line managers and staff to engage them and gain ownership of the programs and activities by them. In my practice, we gained ownership of the values and behaviours by facilitating sessions for line managers and employees to develop behavioural descriptors themselves.

2. The Role of the Line Manager in Employee Retention

Line managers have a high level of contact and interaction with the employees, far more than HR does, and these interactions occur in different settings; formal, informal, as well as social settings. This is an opportunity that the line manager can leverage to enhance employee performance and retention if HR assists line managers to develop the skills to build relationships with the employees that are based on mutual trust and respect. Below are skills and capabilities that HR must assist line managers to develop so that they can effectively leverage this opportunity that is available to line managers.

a. An understanding of the strategy and goals of the business and where various employees fit in this picture. This fit enables the employee to understand his value and contribution to the business. This understanding motivates the employee because he gets a clear line of sight to business performance and feels that he is part of something special.

b. An understanding of the VISION and VALUES of the business, ability to align the vision with the employee’s aspirations if possible, and what behaviours the values dictate and how they enable performance. If not possible which is sometimes the case, recognition of the employee’s aspirations can enable the manager to get the best out of the employee for the period and plan for replacement. Organisational culture is an important factor in employee retention even more than pay in many instances because when employees are comfortable with the culture they are happy to stay.

c. The ability to explain the principles that drive employee reward, why an employee gets the reward he gets as well as how the employee can earn more or less is a strong retention factor. When employees perceive that they are equitably rewarded,
commitment to the business grows. A handbook on recognition and reward is a useful way to increase employee awareness of the full scope and value of their reward.

d. The ability to explain the concept of business and employee partnership so that the employee can have a common sight-of-line with the business is another important skill required by line managers.

e. The ability to understand the concerns of the employee and explain the policy provisions for dealing with such concerns. Line managers must have the skills to influence policy change to take advantage of opportunities that may be presented by employee concerns.

With the above, HR can clearly identify and bring home to line managers the greater impact that they have on employee retention.

3. Focusing Employees on the “WHAT” and “HOW” of Performance

HR must assist line managers to develop the skills and capabilities to effectively use the performance management process. These skills and capabilities must enable line managers to do the following:

a. Focus the employees on what is important for the business and the employee by assisting the employee to determine clear objectives to be achieved. These objectives must be relevant to the overall goals of the business. Moreover the achievement of these objectives must enable the employee to develop his own skills and capabilities in order to build his career. This will enable the employee to feel part of something special and reinforce the partnership concept.

b. Focus the employee on the behaviours and leadership skills that will enable achievement of the objectives. These behaviours must be dictated by the values of the business. The line manager must be able to compliment the employee’s commitment to leverage those behaviours that are strengths and develop others that are required to enable high performance.

HR insight into the organisation has enabled them to come out with innovative ways to engage line managers and staff in the performance management process. In many leading businesses HR functions have implemented initiatives that bring the process alive and generate great interest for both line managers and employees. For example in BAT they had the “WOW” initiative which stand for “Wining in Our World”; in Diageo a similar initiative was introduced called “P4G” which stands for “Partners for Growth”. These initiatives are based on the partnership concept where employees can see and understand how their personal development and benefits grow with their performance and business performance.
4. **Tapping the Potential of Diversity**

The tendency of line management is to recruit like minded persons into their teams. This has very limited advantages especially where a business wants to meet the increasing sophistication of customer needs. This is because the business is denied the benefits of diverse ideas and solutions to customer issues. HR must ensure that during recruitment and selection, in addition to other assessments candidates are analysed along diversity lines so that the business will have a blend of teams that have the characteristics and ability to deal with the broad range of issues that the business face and those that they would faced in the future. It is beneficial to have people who will challenge the status quo.

HR must further assist line managers to develop the skills to be able to orchestrate a diversity of ideas and enable individuals to realise their potentials, be innovative, and seek commercially sound solutions to problems. This is a requirement that will increasingly become important for business success because innovation is now a business imperative.

In countries where it is a national policy for organisations to implement a quota system when recruiting or where it is the company’s policy, HR must ensure that line managers understands this policy and implement it properly.

5. **Measuring HR Contribution to the Business**

Values Survey is an effective way by which a business can measure HR contribution with regards to the people impact of behaviour. When HR is impacting the business, i.e. HR has assisted line managers to develop the skills and capabilities to effectively manage the people aspect of their responsibilities, employees develop the desired attitudes and behaviours which enables high employee performance and for that matter outstanding business performance. For example, a research carried out in a certain International Business Organizations over a period of 12 months revealed a strong correlation between a number of employee engagement factors as measured by the Values Survey and business performance as measured by Net Sales Value, Trading Profit, and Growth in Sales.

A Values Survey also provides the business with an opportunity to gain deeper insight into the opinions and feelings that employees have about certain things that influence the ways in which they behave.

When the survey is **not** done in-house it has more credibility throughout the entire organisation. So it is preferred that a third party runs the survey. The survey analysis allows for various indicators to be quantified and they can also be tailored to meet various needs. The results can be presented by various populations; department, levels, etc.

The results of Values Survey must be owned by the entire organisation and jointly used by managers and staff to improve business performance. It is clear that an organisational
culture that is aligned to business strategy drives outstanding business performance for the benefit of both the business and the employees. There is experience to show that when the results of the Values Survey are used to measure only line managers and HR performance, employees tend to use it as a tool for punishing line managers and HR and this must be minimized.

I would like to emphasise that “walking the talk” by the Top Management, the CEO or the Managing Director, whereby they show that they believe in and do what they ask the rest of the organization to do, is the single most important influencer of employee attitudes and behaviour.