Shaping the Future: Exploring the drivers and derailers of sustainable organisation performance

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The current unpredictable economic climate has made the issue of sustainability even more crucial for organisations across all sectors. By sustainability we are referring to an organisation’s environmental, but also financial, people and societal contribution over time. Shaping the Future is the CIPD’s three-year action research and engagement programme examining what drives sustainable organisation performance.

The research is being conducted with six case study organisations that are implementing specific change programmes to drive long-term performance. Working with them, we are identifying the enablers and blockers of sustainable organisation performance, within the context of their specific change programme. There are two phases of the research; we have just completed the first phase.

We found clear enablers of sustainable organisation performance linking to the themes of leadership, engagement and organisation development. Across these enablers, we have identified six broader organisational insights about what is driving sustainability. These are: alignment, distributed leadership, shared purpose, locus of engagement, balancing short- and long-term horizons, and assessment and evaluation. Implicit and embedded within all of these themes and insights is the pivotal role of learning and talent development. Our findings and insights from this first phase of research will then drive the second stage.
Introduction
Sustainability is the key issue for HR and business leaders across the globe and the current climate has increased the need for organisations to focus on how they will ensure long-term prosperity (Cheese et al 2009, Towers Watson, 2010). At the Chartered Institute of Personnel and Development (CIPD) we believe sustainability refers to an organisation's people, financial, environmental and societal contribution over time.

Much has been said and written about the short-term nature of UK business (Christensen et al 2008, De Geus 2002, Gringer et al 2003, Marginson and McAulay 2008, Storey 2000). Fixed on executive reward and short-term fluctuations in the share price, managers struggle to look a year ahead, let alone five or ten. Delivering sustainable performance is important at the best of times, but as the economy embarks on what looks set to be a long, slow climb out of recession, it is more important than ever. When operating in uncertain markets, organisations need to be agile to continually change and adapt (Ford 2008, Hiltrop 2005).

Although much has been written about the importance of sustaining performance over time (for example Collins and Porras 2005, Buytendijk 2006, Funk 2003), the issue that remains is how this can be achieved. There is what Pfeffer and Sutton (2000) term a knowing–doing gap. Therefore the key question behind Shaping the Future, one of the CIPD’s major research programmes, is: what really drives sustainable organisation performance?

In investigating this overarching research question, Shaping the Future brings together two streams of work associated with driving organisation performance, advancing the research to examine the issue of sustainability. One stream of work is focused on the impact of high-performance working practices on performance (for example, Delaney and Goddard 2001, Huselid 1995). Sung and Ashton (2005) define these as a set of complementary work practices that are introduced to improve organisational performance. A second stream is around high-performing individuals, which is critical given that the delivery of quality is largely left at the discretion of individuals working at the customer interface. The CIPD has worked with John Purcell and colleagues (Purcell et al 2003), providing evidence and insights about the relationship between HR and business performance and how people management builds able and motivated people and provides them with the opportunity to perform. Along with other work (for example, Legge 2005, Truss 2001, Purcell and Hutchinson 2007, Wright and Nishii 2006) this study highlighted the vital role of front line managers in people management, enacting espoused policy.

Learning and development in the context of sustainable organisation performance

1. The project also looks at learning and development but within the orbit of organisational development and design. Within the OD area learning solutions focus upon the capability building necessary for sustainable organisation performance, a critical organisational requirement as organisations seek to lead change in a sustainable manner.

Engagement
Shaping the Future also has a strong engagement dimension involving practitioners, academics and policy-makers. It provides practical tools and guidance that practitioners can use to create change in their own organisations and drive performance for the long term. To date, 6,600 practitioners have signed up to our dedicated Shaping the Future network to take part and debate our findings. Their feedback has been used to validate the research findings.

**Methodology**

*Research design*
Shaping the Future is a longitudinal action research programme. We conduct semi-structured interviews and hold focus groups with a sample of respondents from a particular area of each case study organisation at two different points in time. A longitudinal approach enables us to compare the data from the two phases of data collection.

The organisations then integrate the evidence and insights from within their individual case study feedback and from across the case studies in order to drive organisational learning.

We have completed phase 1 of data collection and we are currently in the action phase, finding out about and evaluating their journeys. Phase 2 of data collection begins in July 2010.

*The case studies*
Six case study organisations from the public and private sectors are taking part in the research. These organisations were selected for study as they are implementing specific change programmes (which aim to result in continuous change) to drive long-term performance. Working with them, we are examining the enablers and blockers of sustainable organisation performance, within the context of their change programme. We are investigating how they act as complex, adaptive systems (Ford 2008), learning from experience, improvising and responding innovatively to both internal and external pressures. Dopson et al (2008) say that many studies acknowledge the role of context in change but for this research it is a particularly important variable of study.

*Data collection methods*
Within each case study organisation we conducted semi-structured interviews and held focus groups with a cross-section of employees at different levels. Despite self-report data collection methods being the subject of criticism as information is difficult to verify, self-report is a key way of researching employee attitudes and perceptions (Yin 2009). Dibella (2007) recounts prior literature which states the importance of studying a change programme from the perspective of those involved with its implementation, in order to provide practical insights into the area of study. Spending time within each case study organisation and keeping a journal to note our thoughts and observations will deepen our understanding of context and themes. Simultaneously collecting and analysing data will enable us to ‘take advantage of emergent themes and unique case features’ (Eisenhardt 1989) and allow consideration of alternate explanations of our findings.
In addition, an employee survey was conducted to drill down into the attitudes and perceptions of employees in some organisations. This survey was constructed from questions in the CIPD’s quarterly *Employee Outlook* survey, which have been validated with a sample of between 2,000 and 3,000 UK employees. The survey uses six-point Likert response scales.

Data analysis
Qualitative data were analysed using content analysis (Mayring 2000) to uncover the dominant themes associated with sustainable organisational performance. These data were analysed separately for each case study organisation, facilitating individual feedback into each organisation’s change process. The data were also examined in their entirety to uncover dominant trends. The quantitative data from the employee survey were used to supplement the qualitative findings. Multiple researchers were involved in both data collection and analysis, to bring different perspectives and therefore build confidence in the findings. In addition, researchers outside of the team acted as devil’s advocates (Eisenhardt 1989).

Research findings
*Enablers of sustainable organisation performance*
Across our six case study organisations we found clear enablers of sustainable organisation performance linking to the themes of leadership, engagement and organisation development, as shown in the framework in Figure 1.
From the data we identified the practices that are associated with each of these enablers. These practices are shown in Table 1.
We validated our findings with our case studies and our practice exchange groups (PEGs) to ground them in reality. PEGs are networks of practitioners brought together to explore emerging themes and ideas from the research, both in the UK and within Europe.

**Six broader organisational insights**

Six broader organisational insights about what is driving sustainable organisation performance emerged from our observations of the individual enablers. These insights span across one or more of our three key themes. For example, our first insight of alignment relates to the enablers of organisational design, workforce planning and role design, knowledge-sharing, people management, and vision and values, among others.

1 **Alignment**

Alignment is a recurring insight across our three key themes, achieved by ensuring different parts of an organisation are co-ordinated and support each other. It is important for alignment to be viewed as a continuous process rather than an outcome in itself. Alignment is needed between the organisation’s values and the way business is conducted through individual behaviour. An organisation should be viewed as a whole system, geared towards achieving its ultimate objectives and purpose, especially when implementing change.

2 **Distributed leadership**

Distributed leadership emerged as an important insight across our themes of leadership and engagement. Organisational performance is not attributable to a single leader; it results from leadership at all levels (Schroder 1989, Young and Dulewicz 2008). Distributed leadership involves senior leaders setting strategy and then empowering managers to innovate and hence drive sustainable organisation performance. Within this approach, anyone can take on a leadership role.

<table>
<thead>
<tr>
<th>Table 1: Enablers of sustainable organisational performance</th>
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<tbody>
<tr>
<td><strong>LEADERSHIP</strong></td>
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<tr>
<td>Vision and values</td>
</tr>
<tr>
<td>Communication of the bigger picture, making the vision and values real for all</td>
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<tr>
<td>Line management capability</td>
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<td>Support and help for employees through change</td>
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<tr>
<td>Senior leadership capability</td>
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<tr>
<td>Role-modelling and empowering others</td>
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<tr>
<td><strong>ENGAGEMENT</strong></td>
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<tr>
<td>Organisational purpose</td>
</tr>
<tr>
<td>Employees internalising and emotionally connecting to the organisation’s core purpose</td>
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<tr>
<td>The role of line managers</td>
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<tr>
<td>A motivating and engaging management style that is aligned to the needs of the team</td>
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<tr>
<td><strong>ORGANISATIONAL DEVELOPMENT</strong></td>
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<tr>
<td>Knowledge-sharing</td>
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<tr>
<td>Shared knowledge and learning across functions and departments</td>
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<tr>
<td>Organisation design, workforce planning and role design</td>
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<tr>
<td>A design that breaks down organisational barriers and has the flexibility to meet short- and long-term needs</td>
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<tr>
<td>People management</td>
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<tr>
<td>Alignment between individual and organisational objectives and clarity around career opportunities</td>
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(temporarily or permanently) where the nature of the work makes this appropriate. It is important to have sufficient levels of governance yet still encourage and provide opportunity for innovation and creativity.

One of our case studies is cultivating a distributed leadership approach that draws on the technical and professional capability of leaders and managers. Managers are encouraged to share information and problem-solve across different areas of the organisation as part of the organisation’s continuous improvement philosophy.

3 Shared purpose
Shared purpose is a recurrent insight that we also found to be associated with both leadership and engagement. An organisation’s purpose is its identity, its *raison d’être*, and ‘the golden thread’ to which its strategy should be aligned. Employees need to develop a strong (ideally emotional) connection or bond to an organisation’s core purpose to enable sustainable organisation performance. Previous studies have shown that individuals who take the organisation’s perspective and goals as their own will go the extra mile (Van Dick et al 2006, Van Knippenberg 2000). Shared purpose takes this connection one step further. The difference between simply having a core purpose and having a shared sense of purpose is that this sense of purpose is shared by all employees working for the organisation and often beyond, to include external stakeholders (Buylendijk 2006, Springett 2004).

Employees in one of our case studies tended to identify with its core purpose of being an organisation committed to improving lives and tackling disadvantage and many were passionate about helping their organisation to achieve this aim. They felt personal satisfaction from seeing projects make a real impact on lives and communities. In another organisation many managers and employees had developed an emotional connection to the organisation’s purpose, saying they were motivated ‘to make drugs to change people’s lives’.

From a pluralist or radical perspective, this ‘unity of purpose’ may seem implausible, but we found that the organisational purpose was shared and identified with, even when there was dissatisfaction with the leadership and the direction of the organisation. These findings and those from other organisations illustrate the complexity of attitudes and behaviours inside organisations, which brings us to our next key insight from our research so far: what are employees engaged with?

4 Locus of engagement
Engagement as a driver of performance is well acknowledged (Brakeley et al 2004, Harter et al 2002, MacLeod and Clarke 2009), but across our key themes a broader insight emerged that points to employees’ locus of engagement as the important factor for sustainability. Balain and Sparrow (2009, p.37) suggest ‘the HR function needs to delayer the concept of engagement’ and ask what they want employees to engage with. Employees can be engaged on multiple levels – with the overall purpose of the organisation, the loyalty and bond they feel to their managers or team, or to the customer. For engagement to support sustainable performance, organisations need to make sure objectives at all of these levels are aligned.

5 Balancing short-and long-term horizons
Balancing the short and long term is a recurrent theme in our research and its importance is very much heightened by the current economic climate. Leaders and
managers face the constant challenge of responding to the short-term imperatives of change while keeping sight of the long-term horizon. Organisations must maintain flexibility to respond to changing customer needs, but avoid knee-jerk reactions that will compromise long-term strategies.

It is important for everyone in the organisation, down to the front line, to keep the long-term horizon in mind when making decisions. Employees in one of our case study organisations have a clear understanding of the organisation’s long-term goals and vision and talked about the importance of having an awareness of risk and doing what is important for the organisation in the long term.

6 Assessment and evaluation
Assessment and evaluation is evidently important across all of our enablers. It is an area most of the organisations we spoke to are working at and is even more crucial in constrained operating environments with decreased budgets. Our case studies told us that it’s not just about measuring the right things; it’s also about taking the business context into account and having operational feedback loops into the organisation. Assessment and evaluation should be a continuous process and the data can be used not just to track and prove past performance but to improve for the future.

Leadership and Organizational Learning

Throughout the Shaping the Future Project the importance of learning and development is embedded and integrated. One emerging insight around this area is the concept nature leadership and the attendant process of organisational learning.

One of the key aspects of the Shaping the Future project is the role of learning and development. One of our key insights is into the issue of distributed leadership (Spillane 2005) where the learning required is about facilitating the engaging, authentic and supportive leadership style implicit within a distributed leadership framework. We also look organisational learning through the concept of “Leaderful” Behaviour – this term was coined by Raelin (2005) and represents a much broader concept than Distributed Leadership. Raelin identified four factors that create “leaderful” teams. He argued that “Leaderful Behaviour” has a direct impact on employee engagement and then on organisational performance. This seems to be the kind of organisational behaviour that is particularly relevant in today’s climate when organisations need to enable each employee to maximise their contribution without feeling exploited.

Shaping the Future is a real world project, where the leadership approaches are evolving with the environment. Thus in some organisations a “driven” leadership style based on the “burning platform”/melting iceberg metaphor of emergency driven change dominated. (see Kotter 2009, 1996). The organisational requirement for learning in this context is primarily about adaptation to an unwelcome reality. In a sense there is a reluctant and rationalised adaptation to learning and change. (see figure 1) fostering a short term agility, which can only really be maintained by a further sense of urgency and threat. McGill (et al 1992) criticise what they see as
adaptive learning with its emphasis on a patterned response. Instead they emphasise the building of learning organisations where (people) “can develop their own personal mastery, and who learn how to experiment and collaboratively reframe problems.” Based very much on Senge’s seminal approach, this contrasts quite sharply with the driven approach discussed above.

In “driven” environments learning and development solutions are much more about equipping employees to operate in a new environment whether that is through taking on new cross functional tasks, accepting new responsibilities or enhancing productivity. However arguably the adaption which takes place does not necessarily become embedded. An example from the case study research is provided by Pfizer pharmaceuticals where learning and development programmes focus on “creating opportunities to expand skills through cross-training, project, and moving jobs”. This is very much driven lean production approach the company’s response to its considerable product market challenges. Thus an emphasis on change management, flexibility and productivity is expected to drive a simultaneous approach on quality. Interestingly some staff and managers were becoming frustrated by the impact of such an approach on building the self learning and collaboration necessary for the quality inspection side of the business. This is not to say the organisational snot prioritising these issues equally, simply that a different learning approach was encouraged.

Driven/Distributed Model of organisational Change and Learning

We contrast Pfizer’s approach with one where the leadership style is more inclusive and engaging, and where the learning is correspondingly viewed as more developmental and enabling. The experience of Big Lottery was much more focused on “knowledge sharing” and collaboration aimed at developing more “leaderful” approach to learning. Big Lottery Fund’s “Intelligent Funding” approach seeks to transform the organisation from what has effectively been a “cash dispenser” for good causes, towards that of an intelligent evaluator and assessor of both funding need and value for money. This new strategic approach is predicated upon developing much more collaborative and cross boundary working, dissolving barriers to change, and empowering staff to make a difference.

We believe these insights are especially relevant for organisations undergoing rapid change as many of our case study organisations are. We believe it especially relevant in the financially and politically contested public sector for organisations to have a coherent and progressive model of change which can help smooth the path to the transitions required, whilst retaining the engagement of employees.

**Next steps and plans to further develop the research**

The next stage of our research will be driven by these findings from phase 1. We will further examine the critical factors for sustainability that we have outlined here. We will deepen our enquiry into both the enablers of sustainable organisation performance and the six broader organisational insights.

Over the next few months we will continue developing our phase 2 methodology, which will largely replicate that of phase 1. We will continue to track our case study organisations during the action phase of the research, documenting the challenges and opportunities they face on their quest for long-term prosperity before phase 2 begins.

The researchers would welcome the insights of academics in the organisation change Learning and development area to test the initial findings of the project and suggest further direction for research.

**References**


