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THE MYTH OF HIGH PERFORMANCE ORGANIZATION (HPO): THE TOP PRIORITIES FOR BUILDING A MORE COMPETITIVE COMPANY

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Abstract

In his book “Leading at a higher level” Ken Blanchard goes to great lengths to examine and to show the most relevant conditions of the highly performing companies. Another author, Jim Collins, also underlines that there are enterprises that are able to achieve strong results in the longer term too, but these companies implemented not just any business model. HPO – or high-performance organization – can also be interpreted as a special business model.. The purpose of the study is to summarize the characteristics of the high-performance organizations and the SCORES model, and additionally to examine how typical the excellence culture is of the domestic small and medium-sized enterprises. Following the presentation of the conceptual background we will introduce the relevant results of a questionnaire survey conducted in Hungary, and we will make an effort to identify the companies that truly have the features of the high-performance organizations (HPO).

Keywords

High Performance Organization, Competitive Company

1. Introduction

The pursuit of excellence and the conditions of business success have been the subject of interest for the economists for a long time. During the past decades several researches dealt with how to make the business results sustainable. Almost all of these approaches agreed that the human factor has a key role, so it is not a marginal issue how the individuals can serve the organizational goals effectively, and through that how they help achieving business success. Reaching better results can be described by special business models, all of which carrying some kind of defined message. Obviously not every business model can be implemented at the same time, but with a certain combination of them we might be able to establish such an enterprise that is continuously interested in achieving better results and is capable of carrying out its business goals. However, the organizations with outstanding business models do not just put a major focus on the organizational (business) goals, but they are able to endeavour to reach individual targets as well. With this they are able to build a much more efficient organizational culture, compared to the enterprises that failed to create coherence between organizational and individual objectives in the same time frame.

2. Literature Review

Efficiency and effectiveness together result in the growth of the organization. By aiming for these two factors simultaneously we could be able to put our enterprise on a lasting growth path. In order to do so, we must be able to determine how we wish to create value, and the method of value creation is outlined in our business model. When drafting the business model, it needs to be included what role the individuals have in the value-adding processes, since the long-term successes of the organization will depend on the contributions, actions and behaviour of the colleagues, the stakeholders. Many economists and researches have already examined the conditions of business success, as what we can be more successful with than other enterprises will always be an actual and ever-existing topic in our quickly changing extremely turbulent environment. The entire 21st century is about people-oriented managements and about how more stable business results can be achieved through a more effective cooperation with our people and colleagues. Numerous illustrious economists can be named in connection with researching long-

lasting corporate results. According to Kotter (2009), the world famous and often cited expert in change management, the secret of lasting results lies in the corporate willingness. The sense of urgency is an important part of the organizational culture, and a willing organization represents such an organizational concept, where those will be successful that can manage to persuade as many of their people as possible to see the implementation of tasks, developments and changes critical for the organization as a matter of urgency. A willing organization owns a special organizational culture, in which the stakeholders are standing alongside the developments and changes even on a wider scale, and in which the quality of leadership is able to establish such a level of commitment that undoubtedly help working together, problem solving and improves the reacting capability of the organization. Reenen and Bloom (2007) also draws attention to the quality of leadership in their 2007 study 'Measuring and Explaining Management Practices Across Firms and Countries', as they highlight that management practice shows a high correlation with organizational performance and business success. The study goes even further when it makes the statement that in the long term this could be the most significant characteristic that can affect business success. From this approach what can be underlined is that one of the basic conditions of the sustainable business success is the adequate leadership. These companies can simply be called well-managed enterprises, in which management practice is able to substantially contribute to business success. The conclusion of the researchers was based on the research that thoroughly analysed the management practice and business results of 732 small and medium-sized enterprises. Peter. F. Drucker noted that there are no bad companies, only badly managed ones. One of the essential pillars of the well-performing organizations is the appropriate management practice. However, in addition to the adequate leadership it needs to be emphasized that it is not just the commitment of the management towards development that is strong at a successful company, but also the commitment of the workers. The harmony between the management and the workers can be discovered behind another concept, namely the paradigm of the joyful organization. In the understanding of Lövey and Nadkarni (2003), in a joyful organization people find joy in their work, which motivates them to reach a higher performance. To be able to speak about a joyful organization, the organization itself has to be healthy too. On the other hand a healthy organization is able to solve the problems with high efficiency, it is characterized by extraordinary diversity and flexibility, and at the same time it is also capable of actively shaping its environment. In a joyful organization the growth materializes as a result of the effective cooperation and division of labour, while the company continuously

tries to establish a harmonious relationship with its environment. All this demand openness and receptivity to changes from the organization and from all of its stakeholders. In Blanchard's (2010) opinion it is possible to produce lasting results, with which the change management expert John Kotter agreed. In his high performing organization concept Blanchard considers the quality of leadership and stresses that without adequate leadership decisions there is a lesser chance for maintaining the successes in the long term. According to Collins (2013), the author of the book 'Good to Great', in many cases the biggest problem is that we are satisfied with the good results, when we could put a lot more effort into becoming great. Unfortunately making extra efforts and changes are truly typical of only a few organizations, hence it is not a surprise that the majority of our companies remain at the level of simply good and do not achieve greatness. Based on leadership expert Maxwell (2014), the real form of appearance of becoming great is if we can be better and then evolve to be greater than what we used to be. This assumes that there is some kind of constant aspiration within the organization to achieve better and better results, which exists not just temporarily. The common feature of the excellently performing or always well-performing organizations is that they were constantly able to keep the endeavour at a high level, which led in the direction of better results. This latter thought was confirmed by John Kotter (2009) as well, who shared his decades of experiences about the role and importance of the willingness to act in his book 'Sense of Urgency'. These can only be discovered at organizations where the organizational culture sufficiently supports the development and completion of such aspirations. The sense of urgency, the achievement of better results and the pursuit of excellence do not appear anytime and anywhere. This has its organizational conditions, the roots of which need to be found mainly in the quality of leadership and the organizational culture. It is not a coincidence either that the new generation of management schools places strong emphasis on people-orientation and change management. After all, at the organizations one of the most serious questions of business success will be who can adopt changes faster and more effectively when experiencing a shift in the environmental conditions. One of the researches of the McKinsey Institute claimed that it is worth managing changes more effectively and creating a business model in which our colleagues are not reluctant about adaptations. When it's about what the business model of organizations of the 21st century should be like, on the basis of McKinsey's advice the commercially agile models shall be preferred. Business agility is such an organizational ability that simultaneously generates volatility, flexibility and quickness in the life of the organization. To the question of in what specific form

it will materialize at the organization, the answer is simple. It will turn up solely by the human resources of the organization. It's the people who can be capable of making changes, who can implement and carry out a business strategy flexibly and quickly, and who are able to do things that can induce further changes. They are the holders of knowledge, creativity and ideas, and they are the main players of solving problems. Without people we cannot be able to achieve business success, therefore according to the concept of the agile models special attention must be paid to the human resources of the organization, which are also the organization's most valuable assets. The knowledge of our people, the progress of our company... The human factor is the essential pillar of a well-performing organization, without which not a single enterprise could possibly make the appropriate changes. And what else could represent the competitiveness of the organizations in the 21st century but responding to changes in the environmental conditionality in the most effective and best way. Always reach the best possible results... this is the primary driver for the excellently performing organizations.

ASPIRATION + QUALITY OF LEADERSHIP + PEOPLE = EXCELLENT RESULTS

This basic equation is trying to briefly sum up what factors are behind the concept of a well-performing company. If we examine the statements of any economist or research, the opinions will often resemble each other, so the above correlation can be accepted. In his book 'Leading at a higher level' Blanchard also defined the notion of a high performing organization, in which the above threefold coherence can be identified again. A high performing organization is such an enterprise that continuously produces outstanding results even after a longer period of time, with the greatest satisfaction and commitment of the employees. Due to its flexibility, quickness and sensitive systems a high performing organization (HPO) can be successful and recognised not only in the present, but it is suspected to stay like that in the future as well (Blanchard, 2010). For the sake of reaching a high result he highlighted the quality of leadership, which was simply called boss-onomics by another author, Tim Harford (Harford, 2014), although in the economic literature it is usually referred to as the quality of leadership. On the other hand, the HPO concept clearly explains that it is a fundamental condition of achieving success to manage our colleagues with people-oriented methods. Blanchard (2010) noted that an excellently performing organization needs to fight to be in that position, just as hard as it needs to fight in order to reach any other organizational goals. Becoming great means that in certain

One of these approaches is provided by the EFQM model. The vision of the EFQM model is to create a world where the European companies are great. To that effect it defined 5 enabler criteria and 4 result criteria. On top of that it also laid down the principles that lead the companies towards business excellence: 1. results orientation, 2. customer focus, 3. constancy of leadership and purpose, 4. management by processes and facts, 5. people development and involvement, 6. continuous learning, innovation and improvement, 7. partnership development, 8. corporate social responsibility. It is easy to see that these can add values to the enterprises, and their application and exercise can truly stimulate the sustainability of business success. In addition to the EFQM model, the SCORES model also emphasizes the importance of leading at a higher level, and similarly to EFQM it suggests progress and continuous development in a number of areas. In order to achieve genuinely better results, the organizations have to show results in all six dimensions of the SCORES model at the same time. These six dimensions can be relevant to all those organizations that wish to develop a distinctive competence for the sake of strengthening their competitiveness. It can be said of all the dimensions constituting the model that investing in them cannot do harm to the organizations, and in fact, by building them appropriately they can indeed form a business model that might even result in lasting business successes. The mentioned six factors of the SCORES model are the followings: S: shared information and open communication, C: compelling vision, O: ongoing learning, R: relentless focus on customer results, E: energizing system and structures, S: shared power and high involvement.

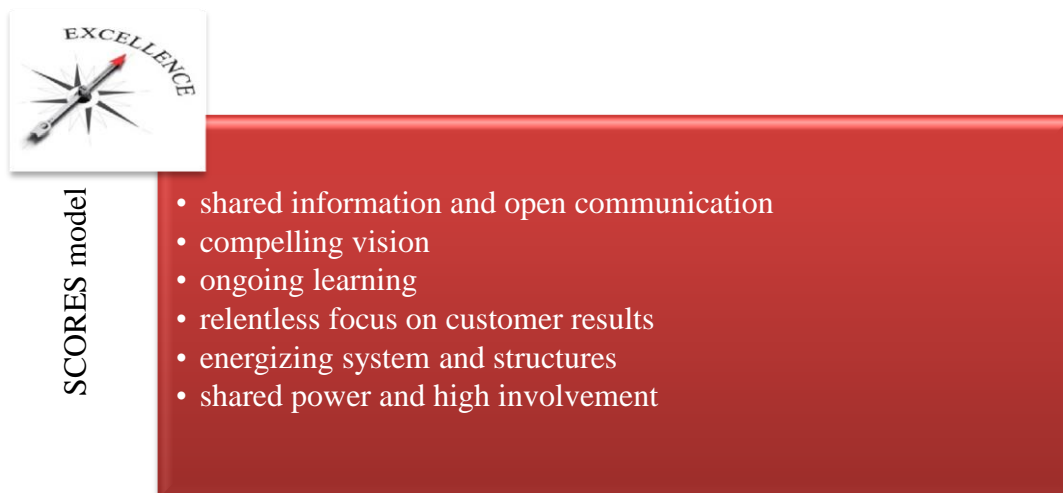


Figure 1: *The six pillars of the SCORES model*
(Source: own compilation)

3. Material and Method

The purpose of this study was to examine the SCORES pillars of the Hungarian enterprises on the basis of a research, and to find an answer to the question to what extent the Hungarian business organizations are seeking excellence. To this end, we reached to the research program called 'Bases for organizational competitiveness', which was a nationwide research project between 2016 and 2018. Naturally some points of that research also tried to collect information on business success. The main pillar of the research was a questionnaire survey. During this we approached the enterprises in paper format (in the form of a printed questionnaire) and asked for their participation in the research. The questionnaire could be split into two larger parts. The first part consisted of questions about the characteristics of the enterprises. These questions can help to determine the actual size and type of the enterprises participating in the survey. The second part focused on the functioning of the organizations and the analysis of their management. The number of the filled and assessable questionnaires was N=949, and the features of the sample will be introduced textually and graphically in the following points.

The questionnaire contained 16 questions, among which there were closed questions, rating scales and open questions as well. The latter ones occurred in the survey only on an occasional basis. Most of the respondents could assess on rating scales how typical the certain pre-made statements were of them. The results were evaluated cumulatively, and a basic statistical analysis was conducted to highlight the most frequent answers. First those questions will be introduced that reveal more information regarding the features of the sample. Considering the characteristics of the enterprises participating in the sample, we start with typifying the respondents by their legal form. Nearly three quarters of the companies taking part in the survey operated as a limited liability company (Ltd), reflecting the most popular entrepreneurial legal entities under the domestic conditions. Limited partnerships and public limited liability companies were involved in the research in a much lower proportion.

The second point of interest is the number of employees. More than half of the companies participating in the survey had less than 10 employees. On the other hand, there were also plenty of enterprises in the sample with more than 50 employees. This applies to 182 enterprises. The research did not focus solely on the micro-enterprises, which will become apparent by not just the employment data, but by the turnover too (Figure 5.). The medium-sized and large enterprises were also highly represented in the sample. This can be deemed especially fortunate,

because 99.9% of the companies in Hungary are small and medium-sized enterprises, while the percentage of the large corporations is only 0.1%. It would have created a recognisable distortion with respect to the results if the vast majority of the respondents had been SMEs. Most of the enterprises participating in the survey had no foreign markets (65.9%). The companies that did have access to foreign markets (34.1%) mainly had interests in Europe. Only 80 of the enterprises had interests in the Asian, 62 in the North American, 48 in the South American, 39 in the African and 17 in the Australian markets. Besides employment, the turnover also tells a lot about the size of the companies engaged in the research. 20% of the sample produced an annual turnover over HUF 500 million (more than 1.5 million euros).

When examining the enterprises by their scope of activities, the breakdown is much more straightforward. Half of the respondents (346 companies) operated in trade. The companies engaged in construction and transport/storage activities had the second highest number within the sample. Information technology, industry and business advice were third (with about 100-100 responses). The other sectors were only included in the sample in a lower percentage. The lowest response rate came from enterprises engaged in social care. The companies participating in the research may be grouped by their place of business as well. Most of the enterprises conducted business in Budapest (634 respondents). Central Hungary was second behind them (400 answers), whereas in the rest of the regions of the country the enterprises of the sample did business roughly evenly (about 150-200 responses). In this context it can be asserted that the research did attain the objective of acquiring assessable information from every region of the country.

4. Results

During the survey several questions were asked from the enterprises that could be associated with their competitiveness and business success. For reasons of space, this study will only present the most significant points and questions. Additionally, to the characteristics of the enterprises, the questionnaire also dealt with examining the efficiency of the organizations participating in the survey, looking back over the past 5 years. The following table briefly summarizes how the previous 5 years of the examined companies looked like in terms of certain factors determining efficiency and business success.

Table 1: *Successfulness of the companies participating in the survey during the past 5 years*

Organizational feature	Percentage of the sample where it definitely improved
Entrepreneurial profit	11,3%
Assets of the enterprise	10,3%
Market shares	8,2%
Efficiency of the processes	12,2%
General competitiveness	8,3%
Customer satisfaction	18,6%

(Source: own compilation)

The respondents could assess on a scale of one to five how much the certain efficiency-describing factors had strengthened or weakened. Table 1 clearly illustrates that about 10% of the approached companies reported actual better results in the last 5 years. Whichever organizational feature we check in the above table, truly extraordinary ratings cannot be seen. This also implies that the enterprises still have a tremendous amount of things to do for the sake of becoming excellent, and the application of the SCORES model can provide help to the heads of the companies here. Jim Collins, the author of ‘Good to Great’, mentioned in his book that we are often satisfied with the situation we are in, and we don’t do more in order to have a not just simply good but great organization. Moreover, John Kotter indicated that the sense of urgency drops very frequently in the companies precisely because business success can make us prone to be comfortable and to merely accept our current circumstances.

However, the excellently performing organization is never satisfied with the current situation and whatever success it may achieve, reaching more successes and the constant exploration of development opportunities constitute the essential driving force for its activities.

The own research focused on not only to what extent efficiency had changed at the companies during the previous 5 years, but it also tried to find the answer to what could be behind the weaker results. By bringing the SCORES model on board, we made an attempt to highlight the questions that can be closely associated with business success and on the other hand also considered to be the basic pillars of the SCORES model (Figure 2). The following summary table underlines the 6 factors of the model, and then lists the statements that were aimed to ask

about the pillars of the model. The third column even contains the percentage of the respondents the statement in question is absolutely typical of. The results clarified that the enterprises of the sample are required to show progress in the factors of the SCORES model too, if they wish to achieve bigger successes and better results in the future.

Table 2: Analysis of the pillars of the SCORES model at the examined companies

<i>Factor</i>		<i>Examined statement and – in brackets – the percentage of the companies participating in the survey it is absolutely typical of (%)</i>
shared information and open communication		<ul style="list-style-type: none"> • The workers can easily access the information necessary for doing their job efficiently (41.8%). • The leadership pays great attention to the accurate and regular informing of the employees (24.3%). • It is explained to every participant and stakeholder why the final strategic decisions were made (20.9%).
compelling vision	C	<ul style="list-style-type: none"> • The organization always defines a real and feasible vision, and it usually succeeds at achieving it (21%). • Everybody is familiar with the mission and vision of the organization, which are widely supported as well (21.7%). • The enterprise is considered to be successful in carrying out the corporate goals (24.7%).
ongoing learning	O	<ul style="list-style-type: none"> • The leadership pays great attention to the improvement of the employees' knowledge (25.2%). • The enterprise constantly analyses its own (and others') mistakes, from which it learns a lot (30%).
relentless focus on customer results	R	<ul style="list-style-type: none"> • The enterprise constantly monitors the customer results (38.5%). • The enterprise does a lot in order to keep customer satisfaction and appraisal at the highest possible level (57.7%).
energizing system and	E	<ul style="list-style-type: none"> • Every system, structure, official and unofficial

<p>structures</p>		<p>practice facilitates the work of the employees (16.5%).</p> <ul style="list-style-type: none"> • The company does a lot to keep the willingness and motivation at a high level for all the stakeholders (24.2%). • The leadership pays great attention to creating a friendly work environment (36%).
<p>shared power and high involvement</p>	<p>S</p>	<ul style="list-style-type: none"> • The enterprise gives chance (power) to people to make decisions (15.1%). • The individuals are involved in the strategic decisions by being asked for their approval and by enabling them to duly discuss the ideas and suggestions (19.4%).

(Source: own compilation)

Table 2 tried to match statements from the questionnaire survey of the SzeVA research with the factors of the SCORES model. These statements and the received responses revealed that the majority of the organizations still could develop the fields considerably that would help the enterprises reach better results. Unfortunately, of the above statements it cannot be acknowledged in any of the cases that they were absolutely typical of the majority of the companies taking part in the survey. The best results can be discovered in the R pillar, namely at the relentless focus on customer results, but we cannot talk about absolute majority here either. By examining the companies based on the SCORES model it can be asserted that targeted leadership intervention would be needed for the improvement of the above factors. We believe that nobody is against earning profit, hence through the application and the proposals of the model progress could be attained on fields like for example strengthening general competitiveness or better compliance with customer requirements. These are all basic conditions of business success.

5. Conclusion and Afterword

By writing this brief essay we took on the commitment of dealing with the factors that affect the business success of the organizations. We have to admit that we have not managed to do so in adequate detail, since the literature and research background of the subject is quite sizeable. Our research work mainly focuses on what solutions an enterprise can be more

successful with, and one of the potential options seems to be the SCORES model. In the first part of the study we conducted a short literature review. We emphasized that creating excellence requires a lasting and all-inclusive developmental effort from the organization. It is not only management commitment and good leadership that is needed, but also such an organizational culture that is accepting and supportive towards changes. Some call the organizations achieving good results joyful, others call them HPOs, but the message is the same behind every concept: development and excellence must be wanted constantly, and for that purpose targeted efforts must be made. Excellence means more than showing up consistently good results.

Excellence is a lifestyle, an organizational philosophy, a permanent form of behaviour and value for the organization and for all its stakeholders. It is hard to shape the behaviour and establish the organizational culture that could favour the emergence of excellence the most. This might be the very reason why not every company is capable of producing good results in the long term as well. John Collins, the author of the book 'Good to Great', extensively introduce companies that reached lasting results, but these companies are still just the minority. This was verified by us too, since by examining the enterprises along the pillars of the SCORES model it became apparent that the companies have ample things to develop in certain factors influencing business success, provided that they want to achieve actually better results. Table 2 made it clear for us what currently the most relevant conclusion of this study is. The majority of our companies operate well, but they haven't been able to reach the state of excellence yet. Most of the enterprises participating in the survey reported that the results had slightly improved in the past 5 years, but only very few of them indicated significant progress, stronger competitiveness or spectacular results. The latter was well illustrated by Table 1 too. From the aspect of strengthening a country's competitiveness it is an extremely substantial question how well-performing, outstanding and competitive the companies are in the certain industries. Therefore it would be important not just for the corporate goals but also in terms of the future development of the national economy to continuously achieve better results and to have more and more excellent enterprises. The vision of the EFQM was to build more excellent European corporations. In a potentially defined national economic strategy the idea or vision could appear too that in the upcoming few years a growing number of domestic enterprises will be able to belong to the group of excellent companies. Applying the SCORES model is definitely an issue to consider for the managers, since every recommended pillar could prove to be beneficial for the companies with regard to enhancing their efficiency. In our eyes it is necessary to continue the work that we

have begun, as the turbulently changing business environment and the changed environmental conditions constantly create new challenges for the enterprises, as a result of which those business model have to be redefined as well, with which we could be able to achieve the best possible result.

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