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André de Waal, Suhail Sultan

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Applicability of the high performance organization framework in the Middle East

Applicability
of the HPO
framework

The case of Palestine Polytechnic University

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André de Waal

Maastricht School of Management, Maastricht, The Netherlands, and

Suhail Sultan

Palestine Polytechnic University, Hebron, Palestine

Abstract

Purpose – Interest in creating high performance organizations (HPOs) has been growing in the Middle East and Middle Eastern managers have been looking into practices that will help them elevate organizational performance. Unfortunately there is a shortage of HPO studies conducted in the Middle East which could help these managers. The purpose of this paper is to examine the applicability of the recently developed HPO Framework in a Middle Eastern context, namely at Palestine Polytechnic University (PPU). The goal of the study was to evaluate whether this framework could be applied in the Middle Eastern context and thus help improve performance of Middle Eastern organizations.

Design/methodology/approach – A workshop was conducted with management and staff of the university at PPU's premises in Hebron. During the workshop, management, staff and teachers filled in the HPO questionnaire, which gauges the current HPO status of an organization. The resulting HPO score of PPU, and the comparison with the scores of other Middle-Eastern organizations in the database of the researchers, were discussed during a workshop with representatives of PPU and initial improvements were established and put down in an action plan.

Findings – With an average HPO score of 6.8, PPU was an average scoring organization that performed more or less the same as the other Middle-East organizations. However, two main issues for PPU emerged that had to be addressed in order to transform the university in an HPO. The first issue was that PPU's performance management process had to be improved, as not everything that mattered to PPU's performance was communicated to everybody adequately enough. The second issue was that the performance-driven behavior of PPU's people had to be strengthened, as the decision-making and action-taking processes took too long and people were not resilient and flexible enough to deal quickly with changing conditions.

Practical implications – Practically, the research findings could help managers of Middle Eastern organizations to achieve sustainable high performance in their organizations.

Originality/value – The research described in this paper constitutes one of the first studies into the determining factors of sustainable high performance in the Middle East and as such, it adds to the strategic management literature by showing that the HPO concept can be applied in the Middle East to evaluate the high performance status of Middle Eastern organizations.

Keywords Palestine, Middle East, Universities, Organizational performance, Strategic management, High performance organizations

Paper type Case study



1. Introduction

During the last decades, interest in creating high performance organizations (HPOs) has been growing in countries all over the world. Middle Eastern countries are no exception

to this and Middle Eastern managers have been looking into drivers that will help them elevate organizational performance. However, there seems to be a shortage of HPO studies conducted in the Middle East. A recent overview of high performance studies in the English language (de Waal, 2006, rev. 2010) showed that only one such study was conducted in which Middle Eastern organizations were included in the research population (Denison *et al.*, 2006). This study applied an organizational culture survey on 160 private-sector organizations, 74 percent of which were American and the remaining 26 percent European, Asian and the Middle Eastern organizations. It showed that the culture of an organization was closely related to organizational performance (measured in sales growth, market share, profit, quality, new products, and employee satisfaction) and that specifically a culture of involving employees, having a consistent organizational structure, being adaptable, and having a clear mission had a positive influence on performance.

A subsequent recent search of the academic databases, such as EBESCO, Science Direct, and Emerald, did not yield additional comprehensive HPO studies, only studies into facets of high performance in the Arab context. For instance, Metle (2002) showed that traditional culture was of substantial importance in predicting and affecting job satisfaction among Kuwaiti women employees in the public sector. Suliman and Abdulla (2005) identified that the quality of the work climate played an important role in the creation of a high-performance workplace in a Middle Eastern context. Al-Ahmadi (2009) found that the performance of hospital nurses in Saudi Arabia was positively correlated with organizational commitment, job satisfaction, and personal and professional variables. de Waal *et al.* (2010a, b) discover a positive relationship between the degree of performance-driven behavior and organizational performance in Iranian banks. Akroush *et al.* (2011) demonstrated that applying customer relationship management components had a positive influence on the performance of Jordanian financial service organizations. Hilmola (2011) benchmarked the efficiency of public passenger transport systems in larger cities in Europe, North America, and the Middle East and found the lowest performance in the latter. Moideenkutty *et al.* (2011) found a positive relationship between the application of high-involvement human resource management practices and organizational performance in Oman. Suliman and Obaidli (2011) identified that employees' perceptions of corporate climate in Islamic banks in the United Arab Emirates played a significant role in the rate of staff turnover.

When focusing on the research done in the Palestinian context, the same picture emerges: no comprehensive studies on high performance conducted in Palestinian organizations were identified. But, again, several studies into a wide range of elements of high performance can be found, such as Al-Madhoun and Analoui (2003) who found inconclusive effects of management development training programmes on the quality of managers of Palestinian small and micro-enterprises. Baidoun (2004) identified the critical quality factors for an effective implementation of total quality management in Palestinian organizations. As-Sadeq and Khoury (2006) discovered that the transformational leadership style caused the greatest satisfaction, willingness to exert extra effort, and effectiveness among employees in Palestinian enterprises. Enshassi *et al.* (2007) evaluated masonry labor productivity in Palestine and recommended the development of a benchmarking standard for local construction firms which should lead to an improvement in the national construction productivity. Sabri and Jaber (2007) found that the efficiency of Palestinian municipalities was low because of the absence

of an internal auditor and written job descriptions for municipality functions, and the low participation of the public. Yasin *et al.* (2008) showed the positive impact of executive courage on the organizational culture of Palestinian organizations.

The above overview shows that there is a need for academically grounded HPO research performed in the Middle Eastern context. Recently, de Waal (2012) composed an HPO framework which was based on worldwide collected data. As the framework has been empirically validated in several countries, such as Nepal (de Waal and Frijns, 2009, 2011), The Netherlands (de Waal, 2012; de Waal and Meingast, 2011), Peru (de Waal and Orcotoma Escalante, 2011), Tanzania (de Waal and Chachage, 2011), the UK (de Waal *et al.*, 2010a, b) and Vietnam (de Waal *et al.*, 2009), it was considered that it might be also applicable in the Middle Eastern context to help Palestinian organizations identify the actions they need to take to become high performing. In addition, in the research stream on globalization there is an increasing number of observations that the transfer of management techniques from one country to another is leading to similar patterns of behavior across these countries and thus to similar characteristics of importance for high performance (Bowman *et al.*, 2000; Costigan *et al.*, 2005; Deshpandé *et al.*, 2000; van der Stede, 2003; Zagersek *et al.*, 2004). This also indicates that the HPO framework might be applicable in the Palestinian context. It is, however, likely that the manner in which the HPO framework is applied and the resulting improvement suggestions do depend on the context, in this case the Palestinian culture, industry, organizational culture and the experiences and skills of the individuals executing the improvements (Hofstede, 1980). Therefore, the research question of this study was as follows:

RQ1. Can the HPO framework be applied in the Middle Eastern context to evaluate and improve the performance of a Middle Eastern organization?

The article is structured as follows. Section 2 provides a brief overview of the theoretical foundation of the HPO framework. Section 3 describes the case company at which the framework was applied, Palestine Polytechnic University (PPU). This is followed in Section 4 by a description of the research approach and the research results. The article closes in Section 5 with a brief discussion and opportunities for further research. The research described in this article constitutes the first study into the applicability of the HPO framework in the Middle East factors and as such it adds to the strategic management literature by showing that the HPO framework can be applied to evaluate the performance of a Middle Eastern organization. The research also has practical use as the application of the framework yielded tangible improvement suggestions which managers can take forward to transform their organization into an HPO. A validated HPO framework will make it feasible for Middle Eastern organizations to achieve a sustainable increase in their performance when applying the HPO framework.

2. The HPO framework

There have been many studies into HPOs but none of these have actually resulted in an universal theory, model or framework which could be applied in different organizational settings (for an overview see de Waal, 2006, rev. 2010). That is, until a few years ago, when the HPO framework – incorporating the research results of multiple disciplines – was developed after an extensive review of 290 academic and practitioner publications on high performance (de Waal, 2006 rev. 2010, 2012). In this HPO study, an HPO was

defined as “an organization that achieves financial and non-financial results that are better than those of its peer group over a period of time of at least five to ten years.” For each of the 290 studies elements that the authors indicated as being important for becoming a HPO were identified and categorized. Because different authors used different terminologies, similar elements were put in the same category. The resulting categories were labeled “potential HPO characteristic.” For each of the potential HPO characteristics the “weighted importance” was calculated, i.e. the number of times that it occurred in the examined studies. Finally, the characteristics with the highest weighted importance were considered the HPO characteristics. These characteristics were subsequently included in an HPO survey which was administered worldwide and encompassed over 3,200 respondents. In this survey, the respondents were asked to indicate how well they thought their organizations were performing as to the HPO characteristics (on a scale of one to ten) and also how the results of the organization they worked at compared to those of peer groups. The competitive performance was calculated using two formulas:

- (1) *Relative performance (RP)*. Performance of the organization versus performance of its peer group, $RP = 1 - \frac{[RPT - RPW]}{[RPT]}$ in which RPT = total number of peers, and RPW = number of peers with worse performance.
- (2) *Historic performance (HP)*. Performance of the organization in the past three to five years versus the performance of its peers during the same time period (possible answers: worse, the same, or better).

These subjective measures of organizational performance are established indicators of real performance (Dawes, 1999; Devinney *et al.*, 2005; Glaister and Buckley, 1998). By performing a non-parametric Mann-Whitney test, 35 characteristics which had the strongest correlation with organizational performance were extracted and identified as the HPO characteristics. The resulting correlation was as expected: the high-performing organizations scored higher on the 35 HPO characteristics than the lower performing organizations. A principal component analysis with oblimin rotation was performed on the 35 characteristics, which resulted in five distinct HPO factors. The HPO framework, consisting of these five HPO factors and their underlying characteristics, is given in the Appendix.

The five HPO factors which were found in the study were:

- (1) *Management quality*. Belief and trust in others and fair treatment are encouraged in an HPO. Managers are trustworthy, live with integrity, show commitment, enthusiasm, and respect, and have a decisive, action-focused decision-making style. Management holds people accountable for their results by maintaining clear accountability for performance. Values and strategy are communicated throughout the organization, so everyone knows and embraces these.
- (2) *Openness and action-orientation*. An HPO has an open culture, which means that management values the opinions of employees and involves them in important organizational processes. Making mistakes is allowed and is regarded as an opportunity to learn. Employees spend a lot of time on dialogue, knowledge exchange, and learning, to develop new ideas aimed at increasing their performance and make the organization performance-driven. Managers are

personally involved in experimenting thereby fostering an environment of change in the organization.

- (3) *Long-term orientation.* An HPO grows through partnerships with suppliers and customers, so long-term commitment is extended to all stakeholders. Vacancies are filled by high-potential internal candidates first, and people are encouraged to become leaders. An HPO creates a safe and secure workplace (both physical and mental), and dismisses employees only as a last resort.
- (4) *Continuous improvement and renewal.* An HPO compensates for dying strategies by renewing them and making them unique. The organization continuously improves, simplifies and aligns its processes and innovates its products and services, creating new sources of competitive advantage to respond to market developments. Furthermore, the HPO manages its core competences efficiently, and sources out non-core competences.
- (5) *Workforce quality.* An HPO assembles and recruits a diverse and complementary management team and workforce with maximum work flexibility. The workforce is trained to be resilient and flexible. They are encouraged to develop their skills to accomplish extraordinary results and are held responsible for their performance, as a result of which creativity is increased, leading to better results.

An organization can evaluate its HPO status by having its management and employees fill in an HPO questionnaire and then calculating the average scores on the HPO factors. The scores then indicate where the organization has to take action to improve in order to become an HPO. The HPO questionnaire was distributed at the PPU to identify the HPO status of this organization and thereby help increase the performance of the organization. At the same time, this made it possible to test the application of the HPO framework in the Middle Eastern context.

3. Palestine Polytechnic University

Higher education has developed very quickly in Palestine over the last three decades but at the same time faces severe challenges. These are caused by the increasing number of high school graduates who have to be accommodated with classes and teachers, efficiency and quality issues related to the development of courses, and financing problems resulting from the aftermath of the troubles in the area. In response to these challenges, the Palestinian Ministry of Education and Higher Education developed a higher education strategy which proposed a different financing strategy for the education sector. In developing the strategy, the reality was acknowledged that the level of financial support for Palestinian higher education was not likely in the foreseeable future to be sufficient to ensure financial sustainability of the complete education system. Therefore, major financial reforms were proposed which meant that financing of the educational institutions was to become incentive-based rather than regulatory, with a big emphasis on increasing quality of the educational institutions. This was to be achieved by introducing competitive funding of selected projects (new courses, new research studies) with the requirement that the quality of the management of the “winning” educational institutions had to be improved as well.

One of the educational institutions which was affected by the new strategy was the PPU, one of the leading universities in Palestine. PPU was based in the Hebron district

on the West Bank 30 kilometers south of Jerusalem. It was founded in 1978 by the University Graduates Union and officially recognized by the Palestinian Ministry of Higher Education, Arab Universities Council, and the International Council of Universities. The mission of PPU is to emphasize quality vocational and technical engineering education and solve problems experienced by industry through applied research. This had to be achieved by providing students with practical knowledge to help them acquire an up-to-date experience directly related to their disciplines. There were over 5,000 students enrolled in PPU's four colleges: the College of Engineering and Technology, the College of Applied Science, the College of Administrative Science and Informatics, the College of Applied Professions, and College of Higher Studies. PPU dedicated specific attention and commitment to scientific research and enhancing its relationship with the local community, by identifying potential community priorities and needs and then developing programs to meet these priorities and needs. In order to be able to satisfy the requirements of the new educational strategy, PPU's management decided to start working dedicatedly on improving the quality of the organization. For this, they decided to conduct an HPO diagnosis.

4. Research approach and results

The HPO diagnosis was part of a project conducted by Maastricht School of Management at PPU which had as goal to strengthen the university's structure, organization, and management. During the period August 14-16, 2008, a workshop was conducted with the management team of PPU, with 16 participants presented. The workshop was conducted at PPU's Administrative Building and its IT Center for Excellence in Hebron. During the workshop, management, staff and teachers filled in the HPO questionnaire. The resulting HPO score of PPU, and the comparison with the scores of other Middle Eastern organizations in the database of the HPO Center, is shown in Figure 1.

With an average HPO score of 6.8 PPU is an average scoring organization that performs more or less the same as the other Middle East organizations (average score: 6.6).

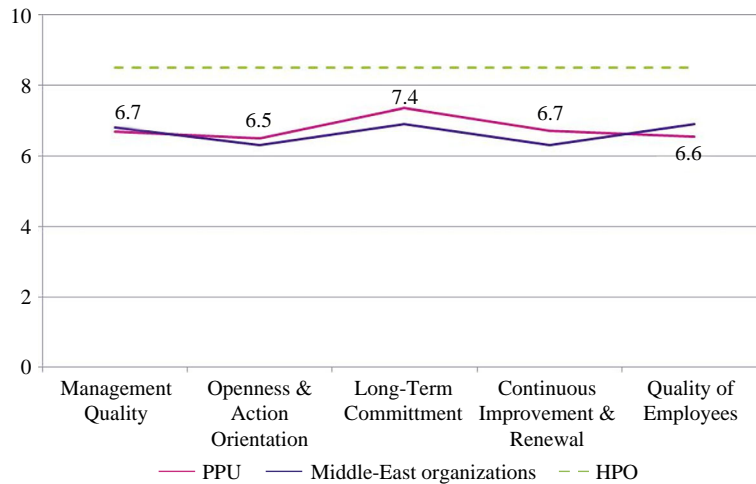


Figure 1.
PPU's HPO status

The strengths of PPU could clearly be found in the HPO factor long-term orientation. This was caused by the strong focus of PPU on delivering quality to its students, in order to give them a better chance on a good (professional) life, and the strong ties with the local community (the stakeholders). Also, many people tended to stay a long time with the organization as they found PPU's management to really care about their well-being and professional development.

From the HPO scores and subsequent discussion during the workshop, two main issues for PPU emerged that had to be addressed in order to transform the university in an HPO. The first issue was that PPU's performance management process had to be improved as not everything that mattered to PPU's performance was reported communicated to everybody adequately enough. The second issue was that the performance-driven behavior of PPU's people had to be strengthened as the decision-making and action-taking processes took too long and people were not resilient and flexible enough to deal quickly with changing conditions, resulting in an organization that was not as performance-driven as it could be. Management decided to first improve PPU's strategy and mission, by converting these into SMART strategic objectives, critical success factors and key performance indicators. After this, the culture of PPU was discussed and new performance driven values were developed which had to promote performance-driven behavior in PPU. We will focus our discussion on the second issue. As several of the workshop participants said, PPU's culture could be described by the saying "when I am right nobody remembers, when I am wrong nobody forgets." The participants agreed that this had to change to "when I am right everybody remembers, when I am wrong everybody forgets." So it was decided that the first step in changing PPU's culture into a performance-driven one was to introduce performance-driven values. The following eight values were agreed upon:

- (1) Respect time arrangements.
- (2) Conduct regular dialogues and sharing of knowledge meetings, both horizontal among colleagues and vertical along the hierarchy.
- (3) Give clear responsibilities to staff.
- (4) Feel responsible and accountable for your results.
- (5) Be firm with executing accountability, so deal with non-performers.
- (6) Live according to PPU's reputation as a high performance university.
- (7) Give more non-financial incentives, like complements.
- (8) Give fair treatment to peers.

These performance-driven values were to be the rules according to which PPU's management and staff had to live up to in order to be able to together transform PPU into a high performance university.

5. Discussion

At the time of the research PPU was in a difficult predicament. Not only had the university to react on the new educational strategy, it also had to do that under the difficult situation that exist in the Palestinian territories. To address these challenges, PPU turned to the HPO framework as PPU's management was of the opinion that this framework could help PPU to identify the areas in the university that needed to be improved in order to become

high performing and thus being better able to deal with the many challenges. As the research described in this article shows, the HPO framework can indeed be used to assess the strengths, weaknesses and improvement issues of a Middle Eastern organization. In this respect, the HPO framework helped PPU to focus on what is really important to improve and thereby foster the improvement process. Therefore, the research question posed at the beginning of this article, can the HPO framework be applied in the Middle Eastern context to evaluate and improve the performance of a Middle Eastern organization?, can be answered in the affirmative. This means that not only PPU but also other universities in the Middle East and potentially also other Palestinian and Middle Eastern organizations can use the HPO framework in their quest to becoming world-class, as the framework gives them the opportunity to evaluate themselves on the factors of high performance so they then can focus their improvement actions on the area that really make the difference in order to increase their performance. This provides opportunities for further research. First, the application of the HPO framework could be tested at other Middle Eastern organizations. In addition, longitudinal research should focus on identifying whether an increase in performance at PPU can be noticed and whether this increase is sustainable. For this, a follow-on HPO diagnosis should be conducted at the university. Finally, research could evaluate whether applying the HPO framework at other Palestinian educational institutions would help execute the new educational strategy PPU more efficiently and with better results.

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Corresponding author

André de Waal can be contacted at: andredewaal@planet.nl

Appendix

In this appendix, the 35 characteristics are listed per HPO factor (Table AI).

HPO characteristic

Continuous improvement

- 1 The organization has adopted a strategy that sets it clearly apart from other organizations
- 2 In the organization processes are continuously improved
- 3 In the organization processes are continuously simplified
- 4 In the organization processes are continuously aligned
- 5 In the organization everything that matters to performance is explicitly reported
- 6 In the organization both financial and non-financial information is reported to organizational members
- 7 The organization continuously innovates its core competencies
- 8 The organization continuously innovates its products, processes and services

Openness and action-orientation

- 9 Management frequently engages in a dialogue with employees
- 10 Organizational members spend much time on communication, knowledge exchange and learning
- 11 Organizational members are always involved in important processes
- 12 Management allows making mistakes
- 13 Management welcomes change
- 14 The organization is performance driven

Management quality

- 15 Management is trusted by organizational members
- 16 Management has integrity
- 17 Management is a role model for organizational members
- 18 Management applies fast decision-making
- 19 Management applies fast action-taking
- 20 Management coaches organizational members to achieve better results
- 21 Management focuses on achieving results
- 22 Management is very effective
- 23 Management applies strong leadership
- 24 Management is confident
- 25 Management is decisive with regard to non-performers

Workforce quality

- 26 Management always holds organizational members responsible for their results
- 27 Management inspires organizational members to accomplish extraordinary results
- 28 Organizational members are trained to be resilient and flexible
- 29 The organization has a diverse and complementary workforce

Long-term orientation

- 30 The organization grows through partnerships with suppliers and/or customers
- 31 The organization maintains good and long-term relationships with all stakeholders
- 32 The organization is aimed at servicing the customers as best as possible
- 33 Management has been with the company for a long time
- 34 New management is promoted from within the organization
- 35 The organization is a secure workplace for organizational members

Table AI.