








# BUILDING TOP-NOTCH ORGANIZATIONS IN ASIA

## Key Considerations

***This Quick Insight delves into the challenges and opportunities facing Asian organizations in their quest for high performance. Utilizing the High-Performance Organization (HPO) Framework, the article identifies five key factors for organizational excellence: Management Quality, Openness and Action Orientation, Long-Term Orientation, Continuous Improvement and Renewal, and Employee Quality. The article discusses country-specific variations in HPO scores and suggests actionable strategies like enhancing operational processes and investing in quality management. It concludes by emphasizing the need for Asian organizations to adopt a proactive approach for continuous improvement to not only excel domestically but also become global leaders. This is essential reading for anyone interested in understanding the intricacies of achieving high performance in the Asian business landscape.***

This Quick Insight is the management summary of: de Waal, A. (2020), "Creating High-Performance Organizations in Asia: Issues to Consider", International Journal of Management and Applied Research, Vol. 7, No. 2, pp. 86-103.

## KEY TAKEAWAYS

-  **Asian Market Dynamics:** Asia's meteoric rise in the global economy, driven by powerhouses China and India, faces challenges such as talent shortages, rising labor costs, and demands for improved labor/environmental practices. Addressing these is pivotal for Asian organizations aiming for consistent high performance.
-  **The HPO Framework:** The HPO Framework identifies five core factors that drive organizational excellence. These are: Management Quality, Openness and Action Orientation, Long-Term Orientation, Continuous Improvement and Renewal, and Employee Quality.
-  **Performance Status of Asian Organizations:** Asian entities, on average, fall short of achieving the high-performing status, with scores primarily around the 6.2-6.5 range. However, they do excel in 'Long-term orientation', reflecting the region's cultural emphasis on longevity and depth in visions and relationships.
-  **Country-wide Variations:** Different Asian nations display diverse HPO scores, reflecting a gamut of influences such as economic progress, adoption of management practices, education emphasis, competitiveness, and impacts of natural disasters.
-  **Strategic Enhancements:** For Asian organizations to reach their peak performance, they must focus on enhancing operational processes, tapping into organizational knowledge, and investing in the development of exemplary managers. These are actionable strategies tailored to meet the needs and challenges specific to the Asian business landscape.



## INTRODUCTION

Asia, with its rapidly expanding economies China, India, Vietnam, the Philippines, and Thailand, has cemented a formidable position in the global economy. However, this rise is not devoid of challenges. Questions about the quality of Asian products, coupled with internal issues such as a talent crunch, rising labor expenses, and calls for improved labor and environmental practices, demand attention. For Asian firms to stand tall, it is crucial they evolve into high-performance organizations (HPOs).

An HPO consistently outshines its rivals for at least five years in both financial and non-financial metrics, anchored by a robust approach to its core objectives. The crux for Asian entities is discerning the elements that catapult them onto the global stage and that can keep them there.

Various models claim to optimize organizational performance, but many do not deliver. They either miss longevity, lack depth, or are not tuned to Asia's distinctiveness. We have used de Waal's HPO Framework for our study. This scientifically-backed methodology, known for consistently enhancing performance, especially resonates within the Asian context.

Our mission? To delve into data amassed through de Waal's HPO Framework from diverse Asian companies over the past 15 years, aiming to spotlight the pivotal facets needing reinforcement for achieving HPO status. While "Asian organization" is an expansive term, categorizing by region aids our research precision.

Our approach combined a review of relevant literature with a deep dive into insights from de Waal's HPO Framework, further enriched by feedback from participants of two Singapore-based Asian-focused conferences, providing us with a comprehensive understanding.

## DE WAAL'S HPO FRAMEWORK: AN OVERVIEW

Developing the HPO Framework involved:

1. Literature Review: From 189 in the literature identified potential high-performance traits, those frequently cited in that literature were prioritized, refining the list to 54 primary characteristics.



2. Global Survey: A survey featuring these 54 characteristics gathered responses from over 2,000 participants across 1,470 organizations, narrowing down through a statistical analysis the 54 to 35 key characteristics which clustered into five core HPO factors.

### The Five HPO Factors:

- **Management Quality:** HPO managers prioritize trust and meaningful relationships with their employees. They're decisive, action-oriented, and lead by example, ensuring their teams deliver optimal performance.
- **Openness and Action Orientation:** High-performing organizations foster open dialogue. This openness encourages knowledge sharing, mutual respect, and action. Mistakes are not frowned upon but seen as learning opportunities.
- **Long-Term Orientation:** These organizations do not chase short-term wins. They are focused on the long haul, valuing deep client relationships and nurturing talent from within, ensuring stability and in-depth organizational knowledge.
- **Continuous Improvement and Renewal:** An HPO is not static. It has a unique strategy and is always on the lookout to enhance its products, processes, and services. Quick adaptability and constant renewal are its hallmarks.
- **Employee Quality:** Diversity and complementary skill sets form the bedrock of an HPO. Continuous learning is the norm, and employees are motivated to deliver outstanding results.



THE 5 STRANDS OF SUCCESS



### HPO in Practice:

Research indicates a direct link between these five HPO factors and an organization's competitive edge. Essentially, better HPO scores translate to superior organizational outcomes. To gauge where they stand, organizations can undertake an 'HPO Diagnosis'. This assessment lets both management and employees evaluate the organization's alignment with the 35 HPO characteristics, providing a clear roadmap for improvement. To achieve the coveted HPO status, an organization must average an HPO score of at least 8.5 for each factor.

## RESEARCH APPROACH AND INSIGHTS ON ASIAN ORGANIZATIONS

Since its inception in 2007, the HPO diagnosis tool has been utilized by over 55,000 participants, with their responses archived in the HPO database. For the scope of our research, we extracted data from 1,342 respondents who worked for Asian organizations. By averaging their responses, we derived a comprehensive HPO score for Asian entities, as visualized in Figure 1.

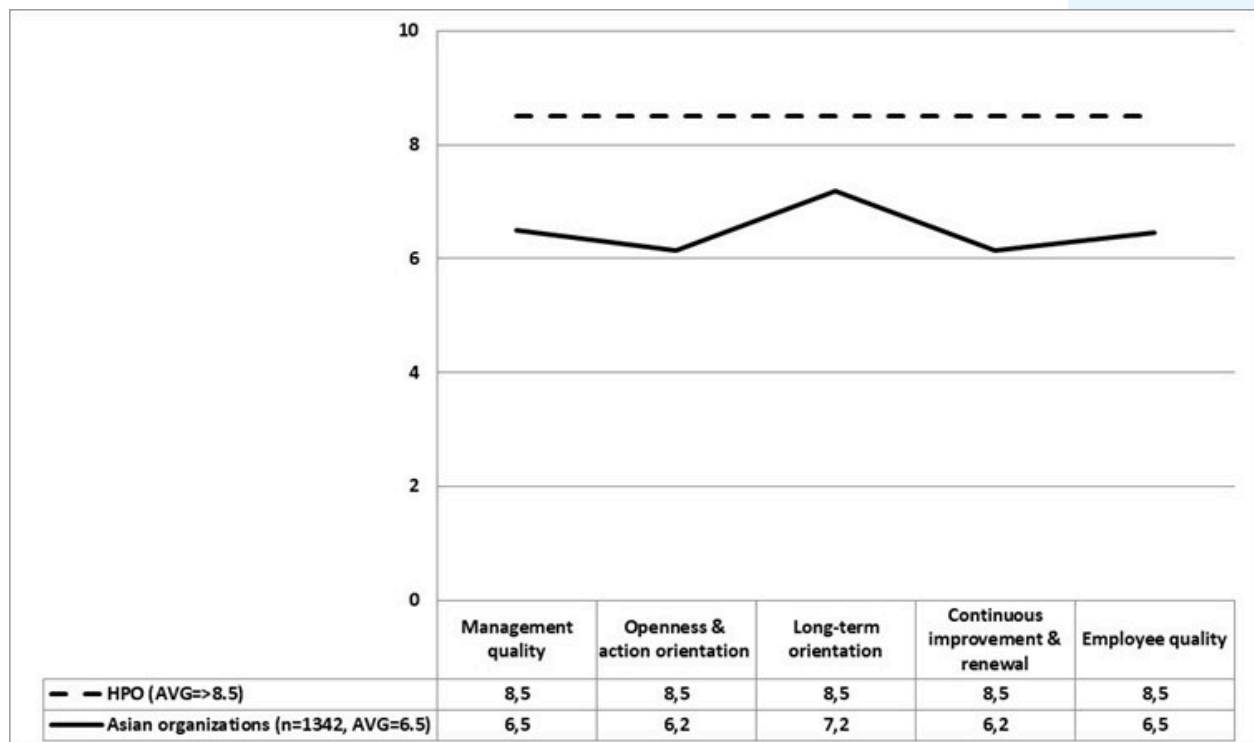


Figure 1: Average HPO scores for Asian organizations



**Findings (as presented in Figure 1):**

- Asian organizations, on average, have not yet achieved the high-performing status, as an HPO score of 8.5 is the HPO baseline.
- Except for the HPO factor 'Long-term orientation', all other factors hover in the 6.2-6.5 range. Unsurprisingly, 'Long-term orientation' scores a higher 7.2, underscoring Asia's deep-rooted emphasis on long-term visions, which is characteristic of the region's culture.
- Delving deeper, attendees of two conferences in Singapore (2018) opined that the intrinsic family values and inherent loyalty of Asians fortify this long-term orientation, especially in professional environments.
- However, when discussing the HPO factors 'Continuous Improvement & Renewal' and 'Openness and Action-orientation', there is a shared sentiment that Asians, generally, lean more towards following than innovating. This perceived hesitance to innovate can hinder the spirit of continuous improvement.
- Furthermore, there is speculation on the adaptability of Asian organizations to external influences, often a catalyst for fresh insights. The prevalent follower mindset can also impede open dialogues between employees and management, a scenario further exacerbated by the existing top-down management systems in many Asian establishments that underscore a significant power distance.
- 'Management Quality' and 'Employee Quality' factors have average scores. This could be attributed to the evolving HRM landscape in Asia. Although there is a rising inclination towards modern HRM practices, a notable gap in the development of employee skills persists in many Asian organizations.

Figure 1 reinforces the introductory notion of an imperative need for Asian organizations to elevate their performance. A 2-point discrepancy from the desired high-performance level underscores this urgency.



## ASSESSING COUNTRY-SPECIFIC HPO SCORES

We further categorized the data of the 1,342 participants to yield average HPO scores on a country basis, as illustrated in Figure 2.. Our criterion required at least 30 respondents per country.

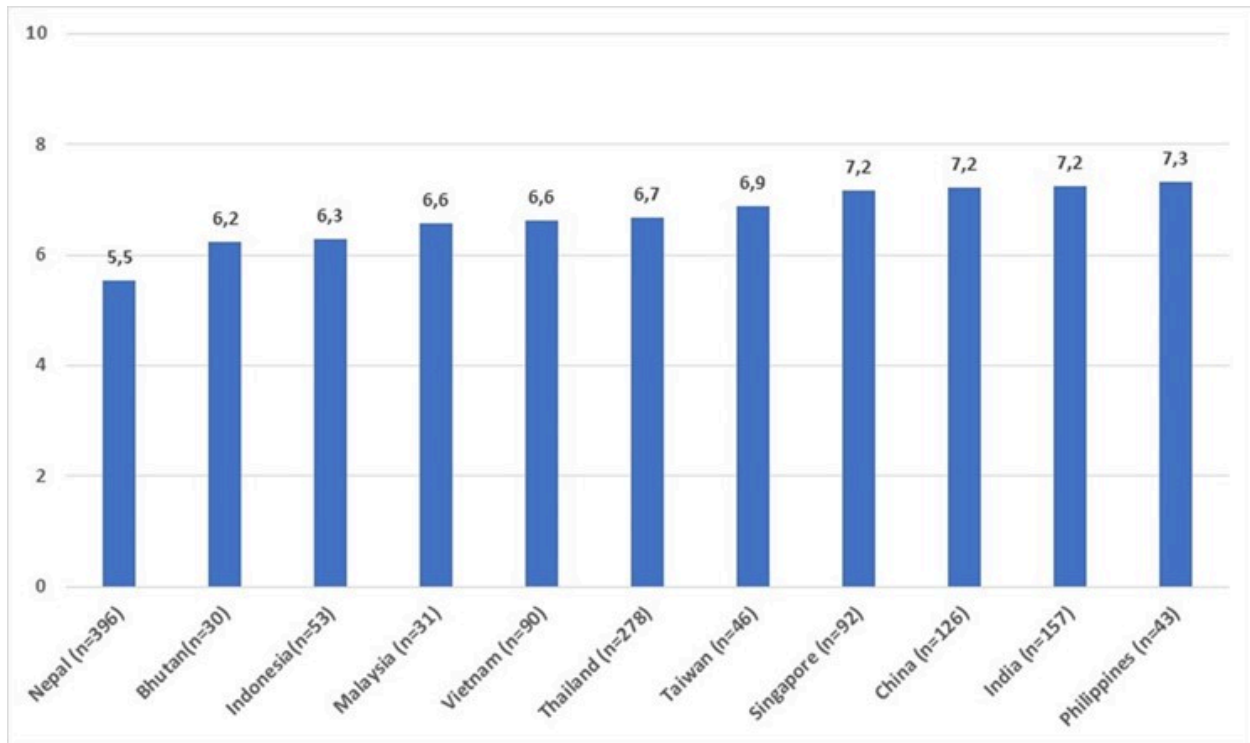


Figure 2: Average HPO scores per Asian country

When viewing Figure 2, a prudent approach is necessary. The respondent count for certain countries was limited, rendering our discussions and interpretations merely indicative. However, even with this caution, one can discern distinct HPO score variances across Asian nations.

### Observations:

Countries like China, India, Philippines, Singapore, and Taiwan display above-average HPO scores. In contrast, Nepal's scores significantly trail the rest. These disparities align with earlier studies:

- Investigations comparing business-to-business firms across several Asian nations found country-wise discrepancies in aspects such as innovativeness, market orientation, and organizational culture. These variances resonate with each country's cultural and historical backgrounds.



• Earlier research has identified nations like India, Japan, China, Singapore, and Thailand as housing the most advanced organizations in Asia. This progression suggests potential top-ranking HPO scores for these countries, which is corroborated for China, India and Singapore in Figure 2. However, it is pivotal to note the Philippines' scores largely represent data from a single organization working towards increasing its HPO status.

### Decoding Country-Wise Differences:

Debates on Figure 2's findings during the Singapore conferences evoked multiple explanations, often supported in the academic literature:

- 1. Economic and Social Progress:** Less-developed economies, like Bhutan, Indonesia, and Nepal, possess systems (e.g., legal frameworks), which can hinder organizational growth and thus yield lower HPO scores.
- 2. Influence of External Management Practices:** Historical findings highlight the profound impacts of foreign (especially American and Japanese) management techniques on Asian organizational structures. Nations highly intertwined with foreign capital, such as Taiwan, Malaysia, and Thailand, frequently adopt Western management practices. Although direct transposition from Western to Asian contexts is not always feasible (nor desirable!), it incites reflection on local management models, potentially boosting HPO scores.
- 3. Educational Emphasis:** Nations with scant regard for education, especially managerial training, often neglect the assimilation of new management practices, leading to diminished HPO scores. Conversely, countries like Singapore, where governments actively champion education, witness heightened HPO scores.
- 4. Competitive Landscape:** High domestic and international competition mandates excellence in organizational structures. This necessity for organizational fortitude often translates to higher HPO scores, as seen in China and Singapore.
- 5. Corruption Index:** High corruption can curtail organizational development, leading to lower HPO scores.





- 6. Natural Disaster Repercussions:** Nations frequently besieged by natural calamities, like Indonesia and Nepal, often divert significant resources to disaster management, leaving little for organizational development and thus resulting in lower HPO scores.

## STRATEGIES TO BOOST PERFORMANCE IN ASIAN ORGANIZATIONS

Using the HPO Framework, we have identified areas where organizations can improve. While our analysis only gives a broad overview based on the general trends in Asian businesses, here are the main Key Focus Areas and questions to consider:

### 1. Enhance Operational Processes (tied to HPO factor Continuous Improvement & Renewal)

- Are we taking on too many projects?
- Do we know when a project is truly complete and finalized?
- Do we have structured information and the discipline to improve?
- Are we tuned into what is happening across the organization?

### 2. Tap into Organizational Knowledge (tied to HPO factor Openness and Action-Orientation)

- Are we just communicating or truly engaging in dialogue?
- Are we making the most of our collective knowledge?
- Is there enough teamwork and collaboration in our organization?

### 3. Develop Top-Notch Managers (tied to HPO factor Management Quality)

- Do we have the qualities of high-performing managers?
- Are our decisions quick and effective?
- Are we investing in training our future leaders?



## CONCLUSION


The rapid evolution of Asian markets presents both opportunities and challenges for organizations within the region. Embracing a resource like de Waal's HPO framework can guide them towards achieving consistent high-performance standards. While current performance metrics indicate a gap in desired outcomes, the potential for growth and excellence is evident. By recognizing these gaps, integrating the insights from diverse Asian contexts, and adopting a proactive approach towards organizational improvement, Asian entities can not only bolster their domestic standings but can also position themselves as global leaders in the competitive market landscape. The road ahead requires dedication, motivation, and a commitment to continuous learning and improvement.





# ARE YOU READY TO TRANSFORM YOUR ORGANIZATION INTO AN HPO?

It all starts with insight, obtained through an **HPO diagnosis**. This diagnosis shows you how your organization—or even just a specific department—scores on the success factors of High Performance Organizations. You will receive development points/improvement themes that can be tackled by managers and employees together. The HPO diagnosis acts as a mirror, in which you honestly look at your organization (or part of it) and yourself: how far are we on the path to becoming an HPO? It helps you identify the 'hard nuts to crack': the focus areas that need to be addressed to realize your strategy and become an HPO. You determine your current level (the starting point) and use this as a basis to measure the effectiveness of the HPO transition. It also strengthens the 'sense of unity' within your organization: by identifying and addressing shared, supported improvement themes.

Achieving or maintaining the status of an HPO comes with a range of financial and strategic benefits for everyone involved: the organization, the customers, and the employees.

 **Customer Focus:** An HPO is invaluable to its customers. The primary goal is to boost customer value and satisfaction.

 **Employee Engagement:** Aiming for high performance re-energizes your team. It leads to increased job satisfaction as HPOs concentrate on what genuinely drives organizational success. It's not a new project; it's a new mindset and approach to work.

 **Adaptability:** An HPO is designed to evolve. It thrives in our ever-changing, competitive world, making your organization more resilient and future-proof. This is achieved through ongoing adjustments, learning, and improvements.

## Our Offer

- ✓ Customized **HPO Diagnoses**
- ✓ Interactive **Lectures and Workshops** on the HPO Framework
- ✓ Comprehensive Interviews, **Articles**, **Books**, and Networking Opportunities
- ✓ Guidance in Implementation Led by our **HPO Experts**



## Why choose the HPO Center?



### Experience & Credibility

With over 15 years of practical experience combined with rigorous scientific research, the HPO Center is at the global forefront of organizational improvement advice.



### Global Knowledge Center

Based in the Netherlands, the HPO Center collaborates with partners, including in emerging markets, with the aim of fulfilling its mission to improve organizations worldwide.



### Unmatched Expertise

HPO doesn't stop at diagnosing organizations. We also explore, investigate, and delve deeply into related topics such as High Performance Leadership, Silo-busting, Futurizing, Social Value Creation, and High Performance Business Ecosystems—evidence of our commitment to continually expand the HPO universe.



### More than Just an Organization

With a passion for inspiring, stimulating, and networking, the HPO Center is not just an organization; it's a movement. Through scientific and professional publications (all freely available at [hpocenter.com](http://hpocenter.com) and [www.hpocenter.nl](http://www.hpocenter.nl)), books, seminars, and roundtables, we continually disseminate the knowledge of the HPO Framework and unite professionals interested in continuous improvement and excellence.

## Considering an HPO transformation?

The HPO Center is ready to support and guide you on your journey toward high performance. Contact us today for an inspiring conversation or to experience an HPO workshop. Together, we'll redefine your performance.



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