High performance and psychological safety

How the HPO framework fosters a secure and innovative work environment

This Quick Insight explores how creating a psychologically safe environment and striving to become a High-Performance Organization (HPO) are closely interconnected and crucial for driving successful innovation. Our research reveals that organizations attaining the HPO status report higher levels of perceived psychological safety among employees, which in turn is conducive for the innovation capacity of the organization. By examining two case companies (ABC and XYZ), we provide practical insights and strategies for fostering a safe, supportive, and high-performing work environment. This Quick Insight offers valuable guidance for organizational leaders, HR professionals, and managers dedicated to enhancing innovation and performance through the implementation of the HPO framework.

HPO CENTER QUICK INSIGHTS

KEY TAKEAWAYS

Adopt the HPO framework to enhance psychological safety
Implementing the HPO framework's structured approach helps organizations systematically improve practices that support employee well-being and security, leading to higher levels of psychological safety.

Encourage continuous improvement and renewal and invest in employee development
Foster a culture where employees are always engaged in improving and innovating processes, products, and services. Provide continuous training and development opportunities to enhance employee competence and confidence. This investment and continuous engagement not only improves creativity and organizational performance but also contributes to a sense of psychological safety.

Create an open and supportive culture
Develop an atmosphere where employee input is valued, mistakes are viewed as learning opportunities, and managers actively involve employees in change initiatives. Ensure that managers act with integrity, communicate clearly, and support their teams. Trustworthy management builds employee confidence and security, together with openness and supportiveness essential components of psychological safety.

Focus on long-term orientation
Build sustainable relationships with stakeholders, prioritize internal candidates for vacancies, and create a stable work environment. This long-term commitment fosters a secure and supportive workplace, enhancing psychological safety.

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In this Quick Insight we delves into the significant connection between psychological safety and High-Performance Organizations (HPOs), emphasizing their critical role in promoting innovation. Our research indicates that organizations achieving HPO status experience elevated levels of perceived psychological safety among employees, enhancing the organization's innovative potential. By analyzing two case studies (ABC and XYZ), we provide actionable insights and strategies for cultivating a safe, supportive, and high-performing work environment.

To fully appreciate the importance of psychological safety within HPOs, it is essential to understand its foundational principles.

Understanding psychological safety

Psychological safety, as defined by Edmondson, is the collective belief that an organization is a safe place for interpersonal risk-taking. It is a crucial element for fostering a culture of innovation, engagement, and high performance. When employees feel psychologically safe, they are more likely to speak up, share ideas, ask questions, and collaborate without fear of negative consequences. This environment leads to numerous positive organizational outcomes such as reduced employee turnover, increased engagement, higher productivity, and enhanced learning and innovation.

The seven characteristics of psychological safety
Edmondson's seven characteristics of psychological safety provide a comprehensive framework for understanding and measuring this critical organizational attribute:

1. **Mistakes are not held against employees:** In a psychologically safe workplace, employees feel confident that making mistakes will not lead to punishment or ridicule. This encourages experimentation and learning from errors.

2. **Ability to discuss sensitive topics:** Employees feel comfortable discussing sensitive issues and problems openly without fear of negative repercussions. This transparency is essential for resolving issues promptly and effectively.

3. **Respect for differences:** Employees are not rejected or marginalized because of their unique characteristics or ideas. Diversity is valued and embraced, fostering a more inclusive and innovative environment.

4. **Safe to take risks:** Employees feel secure in taking risks, knowing that their actions will not be unfairly judged or penalized. This willingness to take risks is vital for innovation and creativity.

5. **Ease of asking for help:** Employees find it easy to ask for help and support from their colleagues and superiors. This openness to seeking assistance strengthens teamwork and collaboration.

6. **No undermining behaviors:** Colleagues do not act in ways that undermine each other's efforts. Mutual respect and support are foundational to maintaining a cohesive and productive team.

7. **Valuing unique skills and talents:** Everyone's unique skills and talents are recognized and utilized by the organization. Employees feel valued for their individual contributions, which boosts morale and engagement.

Understanding the HPO framework

The HPO framework is a scientifically validated structure designed to help organizations achieve sustainable high performance. Based on an extensive review of 290 publications on high performance and a global survey with over 3,200 respondents, the HPO framework identifies five key factors
critical for organizational
success:

1. **Continuous
    improvement and
    renewal:**
    Constantly enhancing
    processes, products,
    and services to create
    new competitive
    advantages.

THE 5 STRANDS OF SUCCESS

2. **Openness and action orientation:**

    Cultivating a culture where employee input is valued, and managers are actively involved in change initiatives.

3. **Management quality:**

    Ensuring managers are trustworthy, act with integrity, and support their employees.

4. **Employee quality:**

    Investing in employees through training and development to boost morale and competence.

5. **Long-term orientation**:

    Building sustainable relationships with stakeholders and creating a stable work environment.

In the HPO Framework, characteristic 35 states that 'The organization is a secure workplace for employees.' This security is achieved by managers fostering a sense of psychological safety, focusing on employee retention, and avoiding layoffs whenever possible. They create an open atmosphere where employees can voice concerns and ideas freely. HPO managers work on building employees' self-confidence, ensuring that failure to meet targets does not result in termination but rather in additional training or reassignment to roles better suited to their skills. This approach encourages employees to act confidently and contribute effectively to the organization's high performance.

Strategic HPO integration

Building on the foundation of psychological safety, innovation thrives in an environment where employees feel safe to express ideas, take risks, and experiment without fear of retribution. When psychological safety is prioritized, employees are more likely to engage in creative problem-solving and collaborative efforts. Our research at the case companies highlights how creating such an environment can lead to significant advancements in innovation.

For instance, at ABC, the focus on continuous improvement and openness allowed employees to confidently experiment with new ideas. This not only enhanced psychological safety but also drove substantial innovation within the company.

To achieve such an environment, the structured approach of the HPO framework is essential. By systematically improving key organizational practices, the framework ensures that employee well-being is at the forefront. This involves creating an open culture where feedback is encouraged, and employees are involved in decision-making processes.

At XYZ, the adoption of HPO principles led to notable improvements in psychological safety. By integrating these principles into its daily operations, XYZ was able to create a more supportive and engaged workforce. Specific actions included regular training sessions, clear communication of organizational goals, and continuous feedback mechanisms. These steps helped employees feel more valued and secure, contributing to the company's overall success.

Positive correlation confirmed

Our research, using the validated measurement tools of: Edmondson's 7-item psychological safety scale and de Waal's HPO questionnaire, confirmed a significant positive correlation between HPO status and perceived psychological safety: higher HPO scores are associated with higher levels of employee psychological safety. This finding underscores the importance of adopting the HPO framework for organizations aiming to enhance both employee well-being and organizational performance.

Key HPO factors and their impact on psychological safety

Understanding the specific HPO factors that impact psychological safety is important if managers want to increase the well-being of their employees and their organization. Here are the key factors and how they contribute:

- **Continuous improvement and renewal**
  Continuous improvement and renewal involve constantly enhancing processes, products, and services to create new competitive advantages. In practice, this means that employees are always engaged in finding ways to innovate and improve the organization's core activities. HPOs encourage creativity by cultivating a culture of learning, challenging old methods, and maintaining a strong focus on innovation. Employees in HPOs generate and experiment with new ideas and excel at implementing them, continuously innovating current core activities while developing new ones.

For example, ABC emphasizes the continuous improvement of its processes and services, allowing employees to feel safe in proposing and testing new methods without fear of negative consequences. This ongoing commitment to innovation fosters a psychologically safe environment where creativity can flourish.

· **Open and supportive culture**

An open and action-oriented culture is fundamental to building psychological safety. In HPOs, managers create an atmosphere where employees feel valued, heard, and respected. This openness encourages employees to voice criticisms and concerns, suggest innovative ideas, and feel secure in their roles.

For example, interviews with employees at XYZ revealed that while there was adequate dialogue between managers and employees, not all employees felt comfortable addressing undesirable behavior or poor work results. This insight led to the recommendation of regular meetings to foster mutual understanding and respect, as well as team training to improve communication and collaboration.

· **Trustworthy management**

Management quality is a cornerstone of the HPO framework and is essential for ensuring psychological safety. Trustworthy and supportive leaders who act with integrity, communicate clearly, and show genuine commitment to their teams build employee confidence and security. Effective management practices are crucial for creating a work environment where employees feel safe to take risks and innovate.

At both ABC and XYZ, management quality was highlighted as a key factor in enhancing psychological safety. Employees at XYZ, for instance, noted the need for clearer job descriptions and decisive follow-up on agreements. Addressing these issues through better management practices significantly contributed to a safer and more supportive work environment.

• **Investment in employees**

High-Performance Organizations invest in their employees through continuous training and development. This investment boosts morale and psychological safety, making employees feel more competent and secure in their roles. By fostering a culture of personal growth and providing clear avenues for promotion, HPOs ensure that employees feel valued and supported in their professional development.

ABC's commitment to employee development was evident in their structured training programs and emphasis on continuous improvement. This investment not only enhanced performance but also contributed to a sense of psychological safety among employees.

• **Long-term orientation**

Long-term orientation emphasizes building sustainable relationships with stakeholders and prioritizing internal candidates for vacancies. HPOs focus on creating a stable and supportive work environment that fosters long-term commitment and trust. This approach helps in maintaining a secure workplace, both physically and mentally, which is essential for psychological safety.

At XYZ, employees felt they lacked sufficient information on processes affecting customer satisfaction, leading to feelings of unfair treatment. By addressing these issues and providing consistent feedback, management can enhance both long-term orientation and psychological safety.

Recommendations for improving psychological safety

Based on our research findings, we offer the following recommendations to enhance psychological safety within organizations:

1. **Revise job descriptions**: Clearly define tasks, responsibilities, and authorities to ensure employees understand their roles and can perform confidently.

2. **Regular meetings:** Organize regular meetings to discuss planning and processes, fostering mutual understanding and respect among employees.

3. **Team training:** Conduct personality tests and team training to improve communication and collaboration.

4. **Customer feedback:** Consistently address customer satisfaction and complaints in meetings to ensure employees feel informed and fairly treated.

5. **Safety procedures:** Finalize and communicate safety procedures, and monitor the reporting of unsafe situations and improvements.

6. **Utilize talents:** Conduct personality tests and leverage the results to make better use of employees' talents, promoting mutual cooperation and psychological safety.

Conclusion

Our research demonstrates that adopting the HPO principles significantly enhances psychological safety, fostering a more innovative, supportive, and high-performing work environment. By focusing on continuous improvement, openness, management quality, employee development, and long-term orientation, organizations can create environments where employees feel safe to take risks and innovate.

For organizational leaders, HR professionals, and managers, integrating the HPO framework into strategic initiatives is essential for achieving sustainable success. Creating a supportive environment through these practices not only enhances performance but also boosts employee satisfaction and retention. Organizations that invest in psychological safety through the HPO framework will be better positioned to thrive in a competitive, dynamic business landscape.

ARE YOU READY TO TRANSFORM YOUR ORGANIZATION INTO AN HPO?

Then insight is essential. Our **HPO diagnosis** (short validated questionnaire and in-depth interviews) provides you with this insight. You will get a clear picture of the current situation within your organization or department and receive practical improvement themes that managers and employees can tackle together. The HPO diagnosis is not just a mirror; it is a compass that guides you in taking crucial steps to achieve your strategic goals and become an HPO. Do you want to elevate your organization to a higher level? The HPO Center can support you in this. We combine over fifteen years of practical experience with hundreds of organizations worldwide with scientific research to provide you with the knowledge and focus that result in demonstrably better performance. HPO is not a project, but a mentality that makes your organization more resilient, flexible, and future-proof. It helps you identify the 'hard nuts' and provides a basis for measuring the effectiveness of the HPO transition. It also strengthens the solidarity within your organization (or part of it) by identifying and addressing shared, supported improvement themes.

✳ **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 and 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.

HPO Center
Oude Enghweg 2
1217 JC Hilversum
The Netherlands

Telefoon: +31 (0)35 603 7007
Email: schreurs@hpocenter.com
Website: www.hpocenter.com
Contact: Marco Schreurs