Darkening skies?

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Introduction

Penny Tamkin, Director, Employer Research and Consultancy

While it would be unfair to assert that all of this year's essays are a gloomy bunch, to paraphrase Ann Widdecombe, there is something of the night about them. That seems to me to be apt given the unwelcome turn that 2016 took for many people. If you see nothing good in the political earthquakes that have transpired, then you will be facing 2017 with anxiety and uncertainty over what the future might hold. Alternatively, if you think that Brexit and Trump are the kicks up the backside that political elites needed, you can't ignore the fear, discord and instability that has come in their wakes.

Our essays reflect this sense of discontinuity between what has always been and what might be around the corner. We kick off with a look at changing forms of work and the shifts towards more precarious forms enabled by the growth in digital platforms and technology-enabled solutions. We make the point that whilst there is plenty to be anxious about, the reality is that relatively few jobs are affected so far.

As Duncan Brown points out, the only certainties in life are death and taxes, and both he and Steve Bevan explore the implications of longer working lives and ageing in the workplace. Duncan has a look at the degree to which age is an issue at work, and asks if we have focused rather too heavily on older workers and ignored some of the rising tide of disadvantage suffered by the young? Steve highlights the impact that dementia has at work; most obviously at the moment in terms of employees having to balance work with caring for elderly relatives who are suffering. Steve also raises what might at the moment be a small headache for HR, of dealing with the effects of early cognitive decline (and even dementia itself) in the workforce. This is likely to become much more of an issue in coming years.

We know that the past decade has seen average wages stultify[1] and young people especially disadvantaged, as Duncan points out. Small wonder then, that there is growing

[1] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/supplementaryanalysisofaverageweeklyearnings/latest

interest in the concept of Financial Wellbeing. Catherine Rickard explores the impact of tightening individual finances within the workplace and how enlightened employers are increasingly trying to support workers to deal with the stresses which come from trying to make ends meet.

Amanda Callen takes the lessons from those political earthquakes mentioned and applies them to how we in organisations decide what our workforces are thinking. One rather striking finding from the collective astonishment that afflicted the UK and the US (and many other nations too) was the failure of normal data sources to see the results coming. Amanda cautions us against assuming the ways in which we gather information on what people are thinking and feeling in organisations are any less flawed. As a consequence, we may have significant populations whose views are not finding themselves into the collective mainstream and we ignore them at our peril.

Peter Reilly also looks close to home in his analysis of HR post-Ulrich. He sees reflections of the changing face of work in HR's growing need to respond speedily and intelligently to data as a core and important activity. The other key change Peter highlights might be seen as a long time coming; that customers of HR might increasingly be expecting a good service rather than feeling they are fobbed off, asked to do it themselves or passed from pillar to post.

The rest of our essays take a refreshing look at how organisations can be supported to adapt to their changing world. Alison Carter explores some of the ways in which mindfulness can be used, not only to prepare individuals to deal with change in more resilient ways, but also how collective forms of mindfulness can help organisations increase their change-readiness. In Peter's second essay he also looks to the future and at how organisations create the conditions for innovation, and explores what makes some of our HR practices less impactful than they might be. He makes the point that we all too often fail to use the tools that we know help because we have already stuffed them full of other objectives to meet. This is the perennial HR problem of cramming HR processes with objectives which means they don't fulfil any of them really well. Finally, Wendy Hirsh has a think about how talent management might be expected to fade gently away in a less predictable and more precarious world of work but in reality not only remains pertinent, but is seen as insurance against the real risk of losing key players. As a result, talent has moved from a focus on top team succession to the key skill groups that are critical to competitive advantage.

There is plenty here to reflect upon. Whilst economic, political and social changes bring shifts to organisational norms and expectation that cannot always be predicted, HR's role is to respond and ensure organisations are not caught backfooted in ways that damage future prosperity. No matter how discontinuous change becomes, these essays show that there is always a response that needs to be made to make the best of the hand dealt.

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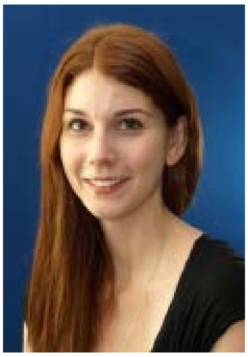

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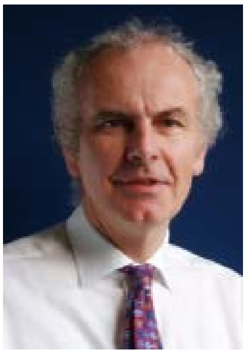

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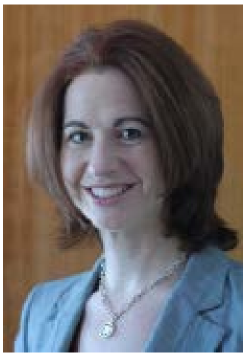

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Work… but not as we know it

Penny Tamkin, Director, Employer Research and Consultancy

New forms of work have been occupying media recently and rarely in a good way. The Uber[2] and gig[3] economies both presage a major change in how we think about work. There has been considerable concern that these shifts will dismantle some of the gains in employment rights and securities that we take for granted. And it is true that employment legislation is playing catch up.

What is it?

Unhelpfully there is no commonly accepted definition of new forms of work (or non-standard work, as it is also known). It is often taken to be that work which is *not* full-time permanent contract work. But that throws large numbers of part-time but securely and permanently contracted workers into the pot (eg OECD, 2016). A common focus is on the self-employed but even here, there are those such as franchisees who sit at blurry borders. More recently, the interest has grown in what might be termed 'platform work' ie that which is facilitated by online platforms, which 'provide marketplaces for goods, services and information delivered both physically and digitally' (Ibid., 2016). This is the classic Uber and gig economy territory. Within this broad area, JP Morgan Chase Institute (Farrell and Greig, 2016) distinguishes between labour and capital platforms with the former such as Uber or TaskRabbit, connecting customers with independent workers who perform discrete tasks and the latter, such as eBay or Airbnb, connecting customers with individuals who rent assets or sell goods peer-to-peer. The split by OECD into physical and digital, and the split by JP Morgan into labour and capital, overlap; the former focuses on how the transaction is made, the latter on what is being transacted.

[2] Often referred to as the 'sharing' economy, which is defined by Oxford Dictionary (2017) as 'An economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the Internet.'

[3] Defined by the Financial Times (Hook, 2015) as '*The freelance economy, in which workers support themselves with a variety of part-time jobs that do not provide traditional benefits such as healthcare.*'

Arun Sundarajan (2016) places the source of this crowd-based economy at the feet of the iPod – an innovation that created a mass market digital product developed for consumers rather than business or government and which spawned a revolution in product development to meet the needs of the consumer.

There are other feet at which Uber and such can be placed: the surge of technology that enables the digitisation of markets. The operators of online platforms have facilitated a tectonic shift in our work worlds, enabling individuals to compete with firms in the delivery of goods and services. As the OECD (2016) has pointed out, lowering entry barriers to sell directly to clients facilitates individual service provision by those who work on a temporary or irregular basis. What is interesting is that the increase in demand for individually provided services has included those which are delivered locally (*physically*) – like accommodation, transportation, handyman or personal services, and those which are delivered remotely *(digitally)* – like administrative support, graphic design, data entry or programming. The brave new world is not just about the possibility of contracting with someone the other side of the world, but also with someone just around the corner.

This suggests that new technology has facilitated not just the growth of online platforms, but also service provision by individuals who in many cases work on a temporary or irregular and part-time basis. Online platforms have also facilitated the monetisation of personal assets; most notably homes and cars. For most people these are expensive and underutilised forms of sunk capital and therefore the opportunity to use them to generate additional income, and thereby sell services more cheaply than established providers, has proved to be attractive.

What are we scared of?

For the moment at least, the Uberisation of work feels unstoppable. OECD (2016) analysis of registered users on Upwork and Freelancer, for example, shows exponential growth since 2005 from around 2.5 million to over 35 million and Devlin (2016) shows that London's gig economy has grown by 72 per cent since 2010.

This surge not only threatens to reverse the world order regarding rates of self-employment (developing economies tend to have much higher rates of self-employment often because there are no alternatives to consider (eg ILO, 2015)) but also exposes the assumption that globalisation works to the ultimate good of all economies. Whilst countries with low wage costs tend to experience a growing export trade, and this fuels faster economic growth (the east has done well from this trend), mature economies have seen their manufacturing base contract and the loss of jobs has fuelled discord.

And whilst there might be global winners and losers for such trends there are also individual winners and losers and these differences can cleave societies (as the UK saw in the aftermath of the EU referendum). Unsurprisingly, researchers have found that those who feel less deprived and who perceive globalisation as an opportunity are significantly more likely to hold a warm view towards the EU (Teney, Lacewell and De Wilde, 2014).

So the Uberisation of work and the gig economy sit within the wider globalisation context. As digitisation and globalisation create new ways of working, uncertainty rises for significant portions of the workforce. High levels of unemployment, static pay and much poorer economic circumstances for younger generations have fuelled anxiety and resentment. If traditional forms of work continue to contract, then more people will be earning lower wages, with greater uncertainty of income, less access to retirement benefits, holiday and sickness pay, and credit. Those who have already lost out to globalisation and the Uber economy (and those who think they might), have been part of a groundswell of fear that has allowed populist politicians to take centre stage.

The effect of such shifts is not only to create political unrest but to also create swathes of individuals keen to find new income sources with the potential for a vicious circle of increasing uncertainty. The theoretical availability of an infinite pool of digital providers can not only dampen pay levels but also support jobs becoming smaller and smaller and the commodification of work. Providers might find themselves working a digital 'assembly line' (OECD, 2016) or just one click away from the ultimate automation of work.

And as McKinsey Global Institute (Manyika et al, 2016) has pointed out, part of our discomfort with new forms of work is a result of policy frameworks and safety net programmes not always coping well. However, there are signs that systems fight back: in October 2016 an employment tribunal ruled that Uber's army of self-employed drivers should be classified as employees (Osborne, 2016a) and a union (the Independent Workers Union of Great Britain) has sought recognition by Deliveroo to represent riders in Camden (Osborne, 2016b). The government has also recently announced a six-month review of modern working practices chaired by Matthew Taylor, and HMRC is setting up a new unit, the employment status and intermediaries team, to investigate firms (Osborne, 2016a).

Is it really as bad as all that?

Economic shocks will always be bad for some but sometimes what is bad for a few individuals may benefit the wider economy so we need to look wide in deciding whether the gig economy is the danger so many fear.

First off, for individuals it might be helpful to differentiate between those who enter new forms of work voluntarily and those who are there because they feel they have no choice. There is evidence that for many, the move into the digital economy may not be voluntary; OECD data suggests most people take platform-facilitated contracts of limited duration because they can't find permanent work. For example, analysis in the US suggests some 60 per cent of Uber drivers were looking for a 'proper' job before commencing with Uber (OECD, 2016).

There is also evidence of rather poor terms and conditions. Drop-off is quite high amongst Uber drivers (30 per cent within 6 months and 50 per cent within a year). Across the digital economy, pay levels are constricted, associated employment benefits (including training) are usually non-existent, and wage growth in non-standard work is lower than for standard employees (OECD, 2016; Kalleberg and Dunn, 2016).

However, there is also evidence that it isn't all bad. McKinsey (Manyika et al, 2016), found that independent workers in the US and Europe mostly take such jobs by choice and mostly like what they do (although, unsurprisingly, satisfaction with independent work is strongly correlated with choice). It has also been suggested that some kinds of traditionally disadvantaged worker are most likely to benefit from the gig economy (immigrants, those in remote areas and disadvantaged groups (Kalleberg and Dunn, 2016)).

Many people use platforms to boost their primary income. It is very difficult to be accurate with such a fast-evolving market but a US study analysed data from 260,000 individuals active in at least one of 30 different platforms and found that average earnings provided a significant but minority share of income (between 20 and 33%) and that around two thirds of individuals remained traditionally employed whilst working on a platform (Farrell and Greig, 2016).

McKinsey (Manyika et al, 2016) suggests that there could be wider economic benefits from increases in independent work. There are those for whom independent work offers labour market participation and income that they would not otherwise have (part-timers who would like to work more hours, returners, older individuals who want to continue to work, and the unemployed). Other benefits include: increasing capital productivity, ie putting underutilised assets (houses and cars) to work and stimulating consumption (making some services easier to access). Small firms might particularly benefit from the availability of specialised help, reducing the costs and lowering the barriers to starting a business.

However, whilst for individuals platform-facilitated work appears to boost other forms of income rather than provide the sole source, there is some (limited) evidence that the rise of such work might knock-on to more traditional forms of work. The New Economics Foundation (NEF) (Devlin, 2016) claim that nine out of ten taxi drivers surveyed said that their take-home pay had decreased over the last six months and only one in five felt they earned enough through driving to support their families (United Private Hire Drivers, cited in Devlin, 2016). The NEF found that only 61 per cent of the labour force has a secure job that pays at least the minimum wage – a proportion that has been deteriorating over time (Devlin, 2016).

The general view is that the balance of power in labour platforms favours employers and the history of capitalism shows that this is rarely a good thing (for the workers at least). As in the more traditional labour market, those with scarce and in-demand skills will find themselves better placed. McKinsey (Manyika et al, 2016) suggests that such professionals can shape favourable independent work arrangements – 'twas always the way!

So what does all this mean?

In part, the Uberisation of work is not replacing 'real' work but supplementing it. That at least appears to be the case regarding services delivered physically or aspects of the capital platforms as defined by JP Morgan (Farrell and Greig, 2016). Overall, 92 per cent of Airbnb hosts say that their revenue supplements their regular income. Uber drivers seem to split between those who work part time (the majority in the US and Australia) and those who work full time or almost full time (France and the UK for example) (OECD, 2016).

Analysis of those working through TaskRabbit (in the US) also suggests rather limited activity, with an average of around four or five mini jobs per year with associated annual revenues of $475. For those posting physical jobs, the ability of platforms to meet needs is not necessarily perfect either. OECD analysis of Youpijob (France) finds that whilst jobs are quickly responded to (average time for a provider to make an offer is five hours) only 39 per cent of jobs posted are assigned to a provider and, on average, each posted job receives only one offer.

The picture regarding services delivered digitally is that most services are provided by the highly skilled and although the promise is of selling and buying from any geographical location, in reality time zones, prices, language and culture have tended to create barriers to the global reach of platforms. That said, it is notable that the majority of hirers come from high-income and the majority of providers from low-income countries (OECD, 2016).

Brinkley (2015) points out that data doesn't currently support a view that we are going to hell in a digitally procured handcart any time soon. Overall figures on self-employment are not showing increases and job tenures are on the rise. He makes the point that perhaps official statistics are lagging behind labour market changes, but nonetheless estimates that the digital/gig economy is likely to have a total market share of around one per cent of GDP by 2025.

So, whilst it is rather too early to dismiss current concerns as overblown, and perhaps foolhardy to ignore data that suggests rapid growth in activity, there is also cause for staying calm. We are experiencing a market shift in delivery that is currently a long way from maturing but the worst case scenario of the end of work as we know it does not seem likely. These new forms of work may challenge the existing mode of delivery but only for some rather than all forms of work, and they facilitate some customer-provider transactions but again certainly not all. In turn they will bring their own limitations and disadvantages that will inhibit universal adoption, and the signs are that the system bites back; where they push hardest at the boundaries of more traditional forms of work, they may well be increasingly bound by employment legislation which may offset some of the current relative advantage.

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More on this topic

Building on our previous work on precarious forms of employment, IES is conducting qualitative research on individuals' experiences of the gig economy for the Department for Business, Energy and Industrial Strategy (BEIS) in 2017.

IES also carried out a project for the European Parliament in 2016, exploring the patterns and trends of precarious employment in Europe. To read the report, visit: http://www.employment-studies.co.uk/resource/precarious-employment-europe-patterns-trends-and-policy-strategies

To find out more about this project, or any of the arguments discussed in this chapter, please contact Penny Tamkin, Director, Employer Research and Consultancy:

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Talkin' 'bout my generation: just what does age and the ageing workforce mean for HR?

Duncan Brown, Head of HR Consultancy

As I get older and reminisce on Roger Daltrey's wonderfully angry exclamation, 'Hope I die before I get old!', I seem to get more and more perplexed, even downright confused, with the topic of ageing and its implications for human resource management in our contemporary organisations.

We are seeing, as happened at the time of the introduction of anti-age discrimination legislation under the Equality Act (2010), a surge in doom-mongering on the topic. We hear forecasts of loudly-ticking demographic and savings time bombs and acute skills shortages (again), as the numerous baby boomers exit the workforce, resulting in future (it is claimed) pensions, savings and eldercare crises and intergenerational warfare.

> *'Pensioner numbers tipped to 'soar by a THIRD' to 15 million over next decade and rise 11 times faster than young population.'*
>
> (Hawkes, 2016)

This was how The Sun dramatically headlined the latest research findings from IPPR in the final week of 2016, which showed a doubling of over-85s by 2030 meaning that we are set to become an 'older, poorer and less equal' society, requiring at least another £9 billion in NHS funding and £13 billion on social care. The study reports the potentially socially disastrous forecast that 'one in three babies born in 2016 can expect to live beyond the age of 100' (IPPR, 2016).

Apart from national skills shortages, one constant since IES was founded and The Who released their hit single, has been the pensions crisis, with the deficit in our biggest corporate pension schemes now variously estimated at between £383 billion (Pensions Protection Fund) and £985 billion (Hymans Robertson) (Dyson, 2016) (hey, what's a few billion between actuaries?). This means that even after the introduction of compulsory saving and auto-enrolment under the Pensions Act 2008, fewer than half of people are saving anywhere near adequately for their retirement, with UK household savings now at a record low according the ONS (cited in Dyson, 2016).

At the other end of the age range, our young millennials and generations 'Y 'and 'Z' are apparently throwing up massive new challenges for employers and HR with their 'widely different expectations' (The Economist, 2013) as they seek radical new benefits and meaning in their lives and work. Like jobs, pay progression and career development.

Does age really matter?

But, just as our organisations haven't been overrun by hordes of decrepit, productivity-damaging over-65s, as the opponents of the age-equality legislation foretold, how much of the current ageing and generational literature and prophecies of doom can we believe? If greater pension savings is what we need over the next five years, then why has by far the most common employer action in the last five years been to reduce their contributions and benefits, when as a society we apparently need the opposite (ONS, 2015)?

And hang on a minute, should pensioner poverty really be at the top of our HR and employment worry-list when, according to the IFS (2015), ever since 2011, average pensioner earnings have exceeded those currently in employment (£394 average weekly pensioner income in 2013-2014 versus £385 average weekly worker's income after housing costs and dependants taken into account)?

As Lord David Willetts illustrated brilliantly at his recent IES lecture on intergenerational differences (Willetts, 2016; see also Willetts, 2010), Daltrey today might hope to be old rather than young, for it has been young not older people who have suffered most since the economic crash of 2008/9. They have faced declining real incomes (by 12% for 22-29 year-olds since 2009, twice the decline faced by the over-50s), job moves and employer training provision, and ever-lengthening average ages of everything, from moving out of the parental home (no sign of that for my two millennials yet) to owning a car; getting married; and having kids (which decreases the dependency ratio of pensioners to employed people, but becomes unsustainable at some point).

Similarly, do generational differences really matter, even though they must be in with a serious shout for the 'Top HR Fashion' of 2016 award? The subject has tended to produce more glitzy PowerPoint presentations than HR actions. With an amusing and insightful set of slides of her own at IES's Annual Provocation event in late 2016, Emma Parry, an expert on the ageing workforce, highlighted the conceptual and evidential shortcomings of much of the current avalanche of management literature on Generation Y and the like. Given the problems, such as wide variations within generational attitudes and across countries, Emma has concluded that 'it is not clear what value the notion of generations has for (HR) practice' (Parry and Urwin, 2011).

A research study looking at success in the careers of 5,000 physicists found that neither youthful creativity nor aged-experience won outright, what mattered more was output: the number of papers you produce at any stage of your career (Sinatra, 2016). Similarly, Galenson (2003) considered the age at which America's most popular poems were penned and found a wide age-range in the authors, from 23 to 59 years old.

So if the doom and gloom is overstated, is there anything we could or should be doing about age and ageing in our workforces? If Benjamin Franklin was right, that death and taxes really are the only certainties in life, can HR do anything to mitigate the more negative aspects of ageing that inevitably precede death?

Actions on age

I would cautiously suggest, based on IES's research, that four age-related areas are worthy of your attention, investigation and possible action (with IES of course delighted to assist you with any of these activities across any or all of these areas).

Address employee financial wellbeing

The scariest statistics of 2016 for me were contained in our research report produced for CIPD (Rickard et al, 2017), revealing the distinct lack of financial wellbeing of much of the UK workforce, well beyond the much-written-about shortfalls in pension provision amongst the over-50s.

With less than one in three of the UK's working population having savings of three months' income or more and debt levels back to their 2007 high, it's hardly surprising that 55 per cent of UK employees, including one in three workers aged between 25 and 34, report that financial pressures and money worries affect their behaviour at work and ability to perform in their job.

Without stereotyping unduly, age-related categorisations here have helped us to provide a useful framework for employers to understand, illustrate, plan and address the financial situation and capability of their employees, in ways beyond just providing them with a decent salary and employer pension plan.

The report proposes a range of actions for government and employers and their HR professionals, which you can read about in Catherine Rickard's chapter of this report.

Think total rewards

As our 2016 research review for NHS Employers summarised:

> *'The evidence gathered makes clear that there is no universal total reward 'silver bullet' that will result in employees being automatically engaged and both extrinsically and intrinsically motivated, leading to performance benefits flowing through.'*
>
> (Brown, Callen and Robinson, 2016)

However, we found good evidence that where employees feel 'totally rewarded' for their contribution, and valued and recognised by managers, then higher levels of employee engagement and higher levels of performance are more likely to occur.

Regarding generational and age differences, we found that:

- There was a reasonably good evidential base that flexible- and cafeteria-style reward and benefits packages allow employees to choose components that particularly meet their needs and characteristics. Age categories can provide a good basis for structuring these choices but need to be flexible so individuals are not restrained by the categorisations. There is also some research evidence that various employee types, including millennials, prefer to be offered choice in their reward package and are more positive about their employer and their rewards if they do (Ibid.).

- Communication and employee understanding is quite clearly now, beyond technology and taxes, the biggest barrier to the success of total rewards and flexible benefits plans. Sensibly segmenting your workforce can help to structure and target reward communications better and avoid the annual 'fire-hosing' of all employees with the full details of their rewards and benefits package.

In the research report we illustrate a five-step model for employers to develop and practice a total reward strategy approach.

Work on flexible working and retirement

It seems a long time since we first read about firms like B&Q employing workers well beyond the age of 65, yet average ages of retirement are only gradually increasing. The planned increases in state pension age are likely to have by far the biggest impact on this. A number of recent IES labour market studies have highlighted the continuing importance of extending working lives, alongside reinvesting in skills and maintaining a flow of migrant workers, in order to address the emerging and widespread UK skill shortages (eg Marangozov, Williams and Bevan, 2016).

A CIPD survey in 2010 on managing an age-diverse workforce found that many employers offered training and flexible working irrespective of employees' ages, but almost half felt that they were struggling to engage with older workers in these initiatives (CIPD, 2010). Vanessa Beck at Leicester University finds a lack of use of older employees' experience to coach other employees, and calls for 'a change of mind-sets to make new working contexts as beneficial to both parties as possible' (Beck, 2011).

Beneficial to both parties it can indeed be. Our own Stephen Bevan jointly authored the chapter in Dame Sally Davies' annual report (Davies, 2016) of the state of the nation's health, which highlights the health benefits for older people of employment. Bevan concludes in a related blog that 'older workers represent another prime source of skilled labour which, if we can overcome some of our prejudices and adapt some of our working practices, stands ready to fill jobs and deliver added-value performance in ways which benefit both the wider economy and their own health and wellbeing' (Bevan, 2016). At least the CIPD survey (2010) found equality of treatment, in that young workers were just as likely to feel discriminated against on the basis of their age as older ones.

IES's work with employers on this subject highlights the need to make sure that a range of flexible working and training opportunities, including part-time and part-retirement options, are available and well publicised. Likewise, decisions about extending working lives should not be based on age stereotypes but on what individuals are good at and like doing. Organisations need to think creatively about redeployment opportunities that will help retain talented people in ways that add value to the organisation, eg mentoring and coaching younger employees. The 'encore career' at last appears to be becoming a reality for far more of us over-50s. As Dr Kath Atkinson (2016) expertly summarises, 'we must not base training strategies and decisions on raw numbers, least of all those on someone's birthday card!'.

Use your attitude and engagement survey data

Somewhat ironically given that every self-respecting HR department seems to need to report on the different attitudes to employment of their millennials, the majority of employers are not analysing their engagement survey data effectively nor responding to the findings, despite the fact that such actions correlate, unsurprisingly, with future improvements in engagement levels (Aon, 2014).

There are notable exceptions to this which we have come across in IES research over the past year. HR Director and IES Honorary Fellow, Dean Royles, told me about his experiences at Leeds Teaching Hospitals NHS Trust (LTHT). Three years ago the Trust was in a poor financial state and had comparatively low levels of staff engagement. Since then there has been a turnaround on both of these as well as, importantly, on inpatient care, with the Care Quality Commission rating moving up from 'requires improvement' to 'good'.

LTHT have focused on diagnosing and improving staff engagement, at all phases of people's careers and experience as employees – they track a range of measures on what they call 'the employee journey', from joining through to retirement, and retention rates are high. Addressing areas of weakness highlighted by the annual survey has driven a wide range of initiatives across the Trust, ranging from improved induction, to much more visible leadership, and improved staff communications and involvement, for example through crowdsourcing technology.

In November last year, Natalie Greenwell, HR Director at Network Rail, told our Annual Provocation audience about the refashioning of the recruitment image and employment brand of engineers and the railway that they have been engaged in, to ensure the future supply of talent they need and to appeal to a younger and more diverse audience. Interestingly, the resulting rebranding has emphasised their role in the community and their environmental policies, but it has also placed more emphasis on the long-term career opportunities available. They also, interestingly, found no discernible differences in attitudes between Generations Y and Z in their research.

Their refocusing has yielded impressive results, with the proportion of female graduate engineering job offers at 16 per cent (more than double the national ratio) and black, Asian and minority ethnic (BAME) staff accounting for 31 per cent of graduate offers compared to 11 per cent for experienced hires (Greenwell, 2016).

'Why don't you all f-f-fade away…This is my generation'

Network Rail's diversity and inclusion strategy is driven by a powerful business case: future employment needs will not be met without attracting new and more diverse sources of talent. But as Natalie Greenwell pointedly asked us, is diversity really about managing the different generational groups equally, or is it treating each of their 36,000 employees as individuals?

Be it in Shakespeare's *Seven Ages of Man*, or Psalm 71's anticipation of Daltrey's lament, 'Even when I am old and grey, do not forsake me, O God, till I declare your power to the next generation', age and generational categories can provide us with a useful perspective to analyse and understand the character, needs and motivations of a workforce. But the key is to use it as just that, as a lens to help to produce effective evidence to support your value-adding HR actions and initiatives, rather than simply as a knee-jerk response to generic headline statistics and follow-my-competitor supposed 'best practices'.

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More on this topic

In November 2016, the IES Provocation and Annual Fellows event adopted the theme of intergenerational differences.

Lord David Willetts' presentation slides, entitled *Fairness between the generations*, are available to download for free from the IES website: http://www.employment-studies.co.uk/2016/annual-provocation-and-honorary-fellows-address-intergenerational-differences

The reports resulting from our research for CIPD on employee financial wellbeing were published in January 2017 and are covered in greater detail in Catherine Rickard's chapter on page 30 of this report, '*Supporting employee financial wellbeing*'.

The IES research for NHS Employers on the relationship between total reward and employee engagement is available to read from the IES website: http://www.employment-studies.co.uk/resource/relationship-between-total-reward-and-employee-engagement

For more information on any of IES's work mentioned in this chapter, or to discuss working with us in these areas, please contact Dr Duncan Brown, Head of HR Consultancy:

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Talkin' 'bout my generation: Ageing and pensions

23 Mar 2017, London

This event will consider the practical implications of an ageing workforce and generational differences for employers and HR, and what, if anything, you should be doing about it. Come along to hear about and debate actions in areas ranging from health and wellbeing to employee engagement and reward.

This event will be facilitated by Duncan Brown.

To find out more or book a place, please visit: http://www.employment-studies.co.uk/events

Dementia-friendly workplaces

Stephen Bevan, Head of HR Research Development

The ageing of the UK workforce has been one of the immutable features of the labour market since its demographic certainty became clear back in the 1980s. The numbers are familiar. One third of the workforce will be aged 50 or over by 2020. In the UK 2.9 million people aged between 50 and state pension age are out of work. Of these, only 0.7 million see themselves as retired and yet 1.7 million think it is unlikely that they will ever work again. Of the 7.2 million people aged 50-64 who are employed, 42 per cent are living with a health condition or disability. Sometimes these figures leave employers feeling both bemused and resigned.

In this paper I want to focus on two aspects of ageing at work which are already manifesting themselves as consequences of the growing prevalence of dementia. The first, and in some ways the most immediate, is the challenge which many older workers have of caring for someone with dementia. The second, which will become significantly more concerning for employers in the medium-term, is the need to manage dementia and cognitive decline among those still at work.

Working and caring

Our recent knowledge about the challenges faced by employees who are caring for people with dementia comes from research carried out by organisations such as Alzheimer's Society and Carers UK. What the studies tell us in summary is that:

- About 50 per cent of all the UK's 6.5 million carers are also in paid employment (Carers UK, 2014).
- It is estimated that by 2020, 850,000 employees in the UK will be looking after elderly relatives with dementia (Alzheimer's Society, 2012).
- Compared with other carers, those looking after elderly relatives with dementia are most likely to be working full time (61% according to Carers UK, 2013).

- In general, there seems to be a gap between the support that employers say they offer these carers, and support that the carers report that they can access on the ground (Carers UK, 2014).
- For example, 83 per cent of employers say they offer flexible working hours to carers but only 48 per cent of carers report having such flexibility available (Ibid.).
- Similarly, 64 per cent of employers say that they offer flexible or special leave but only 38 per cent of carers report that this is accessible to them (Ibid.).
- Just over 40 per cent of employers report that they offer remote working to carers whereas only 18 per cent of carers report that this is accessible to them (Ibid.).
- Just over half of these carers report that their work has been affected by their caring responsibilities. Almost a quarter said that they had changed their work patterns, with a fifth having reduced their hours and one in ten taking on a less demanding and lower paid role (Ibid.).
- The area of support which carers said they would value most and would make most difference was 'practical support from care workers trained to work with people with dementia' (Ibid.).

Other areas where carers felt that they would benefit from further support included information; signposting to external resources and support; and access to emotional support from occupational health or Employee Assistance Programme (EAP) providers (Ibid.).

We have known for a long time about the challenges faced by employees with childcare responsibilities and both employment law and organisational practice have, to a large extent, adapted well. The logistical and emotional demands of caring for an elderly relative with dementia are no less onerous for employees. Indeed, in some ways the psychological toll can be greater as many carers have to deal with permanent changes in their relatives' capacity for self-care, their personalities and their wider health as they seek to support them towards the final stages of their lives with dignity and love. The demographic die is cast. Most UK employers over the next 20 or 30 years will encounter employees who need to juggle their work with the compelling need to provide high-quality care to an elderly relative with dementia. The support they need from their employer is most often simple and inexpensive. All they want is for employers to make it easy for them to ask for help and then for it to be given with generosity, compassion and humanity.

Dementia at work

Another clear priority for action is making sure that the growing number of older workers who also have long-term health conditions are given the help they need to keep working (Taskila et al, 2015). Contrary to popular mythology, older workers do not have significantly more sick days than their younger colleagues, but they sometimes have chronic and fluctuating health conditions which affect their functional capacity at work and increase their risk of having to leave work prematurely.

Despite that fact that the over-65s are the fastest growing segment of the workforce, the numbers leaving work before state pension age – often for health reasons – are still significant. Of course, conditions such as cancer, cardiovascular disease, stroke and arthritis feature prominently among the causes of premature job loss or early retirement. However, it is the spectre of early cognitive decline associated with dementia among working-age adults which is giving increasing cause for concern.

The World Health Organisation (WHO, 2012) estimates that 10 per cent of the 35.6 million people worldwide with dementia are aged under 65. The number of people with dementia in the UK is forecast to increase to over 1 million by 2025 and over 2 million by 2051 (Ibid.). According to the Alzheimer's Society, which has produced an excellent guide for employers[4], there are currently over 40,000 people with dementia under the age of 65 in the UK and 18 per cent of them continue to work after their dementia is diagnosed (Alzheimer's Society, 2015). This 'time bomb' is likely to have serious social and economic consequences, with impacts on productivity and social inclusion (Frahm-Falkenburg et al, 2016). But the idea that nothing can be done to support people living and working with this condition is being challenged (Ritchie et al, 2015). There are excellent examples of jobs being redesigned around the capabilities of people working with dementia and the adoption of simple adjustments such allocating mentors or 'buddies', increasing signage and labelling in workplaces to help people find places and resources, creating quiet spaces and soundproofing, and adapting working hours to accommodate fluctuations in symptoms or to help manage the impact of medication.

In knowledge-based organisations the tacit knowledge, skills, experience and know-how of older workers should be a major asset both to employers and the wider economy. While it remains largely an intangible asset to which it is hard to ascribe a financial value, it is clear that extending the productive working lives of older workers makes sense from both an economic and social perspective. Even dementia should not be a barrier to having a full, fulfilling and extended working life. Every organisation has the challenge of

[4] https://www.alzheimers.org.uk/info/20116/making_organisations_more_dementia-friendly/357/creating_a_dementia_friendly_workplace

capturing and building on the wisdom of its older workers before they retire and 'dementia-friendly' workplaces need to become routine and unremarkable arenas within which we make this possible on a larger scale (STUC and Age Scotland, 2016).

Many people with dementia are, especially in the early years, able to continue working and choose to do so. Additionally, many people, and especially those with early-onset dementia under the age of 65, have financial commitments such as mortgages or dependent children and so are anxious to stay in paid employment for as long as they are able (Robertson, 2013; Evans, 2016). Early assessment and diagnosis is important in preventing problems arising at work and enabling people to continue to work even after a diagnosis. However, currently fewer than half of people with dementia (48%) receive a formal diagnosis. This can be because people are either reluctant to talk to their doctor and seek help, or because health professionals are not confident in making a diagnosis.

Employees with early-onset dementia can often experience delays receiving a diagnosis because, as the condition is relatively rare in people under 65, the symptoms are often attributed to stress or depression. As a result, it is likely that there are a significant number of people working with dementia who are unaware of their developing condition.

Coupled with this, in 2013 the Dementia Direct Enhanced Service (DES)[5] was introduced to the GP contract to help tackle the low rates of dementia diagnosis. The DES promotes a case-finding approach where clinicians ask those who are at a higher risk of developing dementia if they are worried about their memory so they can be referred for appropriate tests. As a consequence, people can be diagnosed at an earlier stage, when they may still be functioning well and are able to cope at work with relatively few changes.

Various studies chronicling the experiences of workers living and working with dementia suggest that, prior to getting a diagnosis, they were left questioning why they were struggling to complete routine tasks at work or having difficulty remembering the details of instructions they had been given (Chaplin and Davidson, 2016). In some cases, the employee may notice differences in cognition but ascribe these changes to work pressure, changes in work roles, or changes attributed to the ageing process (eg declining physical strength or stamina, poor eyesight, forgetfulness and hearing loss). As a woman who had been a Nursing Assistant told Chaplin and Davidson (2016):

> *'All through my life I had been a good speller and I even got to the point one day when I spelled my own name wrong and at that point I did become concerned.'*

[5] https://www.england.nhs.uk/commissioning/wp-content/uploads/sites/12/2015/03/facilitate-tmly-diag-dementia.pdf

However, once people have a diagnosis of dementia they can start to put the problems they may have experienced at work into context. They can begin to make plans, such as considering how long they want to carry on working, and they can have conversations with their employer about how they can be supported to stay at work. Early diagnosis can also assist employers to provide support and seek specialist advice from services such as occupational health (OH) about how best to support individuals and plan for the future. It should also be recognised that work can, in some circumstances, have therapeutic benefits for workers in the early stages of cognitive decline. A systematic review by McCulloch, Robertson and Kirkpatrick (2016) found evidence for a number of health benefits of continuing to engage in meaningful work. Indeed, previous research among 430,000 self-employed French workers by Dufouil et al (2014) found a potentially preventative impact, with evidence of 'a significant decrease in the risk of developing dementia associated with older age at retirement'. The authors concluded that their evidence lent support to the so-called 'use it or lose it hypothesis' of cognitive decline.

People who develop dementia while working, irrespective of their age, often fear going to their GP to get a diagnosis because they feel that they have everything to lose. Employers can help by having clear and open policies about how the organisation will support people who develop dementia and encourage staff to be aware of the condition. The Alzheimer's Society runs Dementia Friends[6] information sessions for businesses to help staff learn about dementia and the steps they can take to make a difference to the lives of people with the condition.

The kind of workplace support which employers might consider will depend on the nature, severity and job-relatedness of the cognitive impairment. Sachs and Redd (1993) offer a simple framework which can be adapted to a range of organisational contexts:

Table 1 Examples of cognitive difficulties and potential workplace accommodations

Cognitive Difficulty	Potential accommodations
Reduced attention, distractibility	Enhancing signal stimuli through use of headphones, bold print, colours, or illustrations. Reduced distractions from noise by modifications in lighting, workplaces location, sound, and visual barriers.
Short-term memory impairment	Presentation and encoding of information in multiple modalities, such as instruction manuals that use verbal descriptors and illustration. Allowing employee to use memory cues or aids when performing task. Increasing opportunities for repetition and review of task.
Sequencing, planning	Numbering or colour coding aspects of job to enhance sense of order. Providing visible models of completed work to aid in self-monitoring of performance.

[6] http://www.dementiafriends.org.uk/

Cognitive Difficulty	Potential accommodations
Visual spatial confusion	Simplifying diagrams for operation of machinery or completion of tasks. Using verbal cues or captions in diagrams. Providing written instructions to supplement visual instructions.
Verbal communication	Minimising needs for verbal communication through non-verbal monitoring systems such as checklists. Supplementing written instructions or tasks with visual diagrams, illustrations or maps to enhance understanding.
Poor generalisation of skills across situations	Increasing opportunities for repetition of tasks before switching tasks. Enhancing similarity in task components by performing tasks in same location or with same equipment.
Preservation, rigidity	Enhancing differences in task components by performing tasks in different parts of work space, using different styles or types of equipment for different tasks.
Fatigue, reduced speed	Reduce or avoid productivity requirements. Incorporate modifications in scheduling to allow for rests and review. Enhance sense of time passage through use of logs.

Source: Sachs and Redd, 1993

Eventually, it may no longer be possible for employers to make workplace adjustments to keep a person at work – or the individual may be ready to leave by choice. The guide produced by the Alzheimer's Society (2015) recommends employers avoid using capability and disciplinary procedures, but follow instead a 'dignified exit package and strategy'. As a former HGV driver told Chaplin and Davidson (2016), this can be a difficult time and can leave the employee feeling embittered and even betrayed:

> *'They said there were no jobs I could do, safety wise, in the depot. The will wasn't there really was it?'*

Dementia frightens people, in part because it is progressive and is currently resisting attempts to prevent or treat it. But as most of us will now be compelled to work much longer before we retire, it is inevitable that more workplaces will need to have policies, adaptations and levels of awareness and compassion to deal with the consequences of a doubling of dementia cases in the UK, either because employees have caring responsibilities for elderly relatives or because they receive a diagnosis themselves while they are still of working age. Sadly, this is not a domain where we have much choice because the demographic and epidemiological trends do not lie. The sooner employers get to grips with developing policies and practices which make them dementia friendly, the better equipped they will be to play their part in making the lives of those affected directly or indirectly by dementia more dignified and less isolated.

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More on this topic

IES carried out research in 2016 for CIPD investigating how employers can best manage an increasingly older workforce in the context of their health and wellbeing and care responsibilities. The study compared five European countries: the Czech Republic, Denmark, France, Germany and the UK. Read more here: http://www.employment-studies.co.uk/resource/creating-longer-more-fulfilling-working-lives

For more information on any of IES's work mentioned in this chapter, or to discuss working with us in these areas, please contact Stephen Bevan, Head of HR Research Development:

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The dark side of wellbeing: Dementia

8 June 2017, London

As the workforce ages, most employers have no plans to accommodate employees with cognitive decline. This event will look at both issues of the increasing rise in cases of dementia and the employer responses and consider examples of innovative practice which are beginning to emerge.

To find out more or book a place, please visit: http://www.employment-studies.co.uk/events

Supporting employee financial wellbeing

Catherine Rickard, Senior Research Fellow

Concern with individual's financial wellbeing seems to have become a hot topic, culminating in the launch of the UK's first Financial Capability Week in November 2016 by the government-backed Money Advice Service (MAS). This campaign saw organisations and policymakers staging events that explored various financial capability issues whilst raising awareness of the importance of financial capability. The driving force behind this campaign was evidence from the most recent UK Adult Financial Capability Survey conducted by MAS. The survey showed that financial capability among the UK population is worryingly poor, with a 'spend today, rather than save for tomorrow' culture (MAS, 2016). It revealed that millions of people are at risk of sleepwalking into a future of financial vulnerability, with broader research indicating that poor financial wellbeing is linked to an increased risk of experiencing ill health (Neyber, 2016; Taylor, Jenkins and Sacker, 2009; Evans, 2016).

Research shows that:

- Forty per cent of working-age people do not have good control of their money and do not manage it well, by, for example, keeping track of their spending, having a budget, or being able to meet current financial commitments without difficulty (MAS, 2015).
- Four in ten adults do not have a modest £500 savings buffer, for example, to replace a broken fridge or fix a car (MAS, 2016).
- Twelve million people are not saving enough for their retirement (DWP, 2014; cited in MAS, 2015a).
- Over half of the working population (55%) report that facing financial pressures affects their behaviour at work and ability to perform in their job (Neyber, 2016).
- Some 44 per cent of women and 34 per cent of men in the UK workforce have felt anxiety caused by financial stress (Neyber, 2016).

- Some 18 per cent of employees lose sleep worrying about their finances (Barclays, 2014).
- Seventy per cent of the UK workforce experiences the negative impact of financial worries - affecting their mental wellbeing, relationships, overall health, and productivity (Neyber, 2016).

How is financial wellbeing defined?

There are many different 'dimensions and concepts which describe individuals' financial state and financial behaviours' (Cox, Hooker and Markwick, 2009), for example: financial wellbeing, financial capability, and financial competence, with financial wellbeing thought to consist of both objective and subjective dimensions. Objective measures include factors such as earnings level and level of debt and subjective measures concern individuals' satisfaction with their current and future financial situation (Ibid.). Evidence from the Office for National Statistics national debate on 'Measuring national well-being' illustrated a subjective measure of financial wellbeing, with a highlighted response during the debate stating:

> *'It's not about having millions of pounds, but working and earning a good amount to keep myself and any future family I have safe and well'.*
>
> (Evans, 2011)

MAS also refers to a concept of 'financial capability', defined as:

> *'… a person's ability to manage money well, both day to day and through significant life events, and to handle periods of financial difficulty.*
>
> *'It is driven by personal skills, knowledge, attitudes and motivations, and made possible by an inclusive financial system and supportive social environment. Financial capability helps people achieve the best possible financial well-being.'*
>
> (MAS, 2015)

The need to improve and support employee financial capability has become more pressing, with factors such as depressed wages since the financial crisis (OECD, 2015); rising housing and education costs; and challenges in building up satisfactory pension pots, affecting the financial wellbeing of millions.

Employers, among others such as government and financial services providers and regulators, have an important role to play in supporting employees' financial capability by ensuring appropriate financial guidance is available to help them. A combination of industry, voluntary sector and government departments currently provide sources of financial information. However, overall take-up of financial advice is low with many people feeling that financial advice is 'not for them' (HM Treasury, 2016). Likewise, many are unsure how to go about finding good financial advice, or are disengaged from financial planning altogether (Ibid.).

The lack of people seeking and/or receiving financial advice in the UK may be reflected in the poor understanding of financial products available (MAS, 2015). For example, over a third of people cannot perform a relatively simple interest calculation on a savings balance (Ibid.) and over a fifth of the adult population are not able read a bank statement (Ibid.). Likewise, over a fifth of people aged over 50 do not fully understand cash ISAs; 41 per cent do not understand stocks and shares ISAs (HM Treasury, 2016), and over half of people think pensions are difficult to understand – including, rather surprisingly, the Bank of England's Chief Economist Andy Haldane, who admitted last year:

> *'I consider myself moderately financially literate…..Yet I confess to not being able to make the remotest sense of pensions'*
>
> (Haldane A, cited in Osborne, 2016)

Throughout 2016, IES worked with the Chartered Institute of Personnel and Development (CIPD) to produce guidance for employers on how they can support their employees' financial wellbeing. We drew on evidence gathered from a review of the financial wellbeing literature, using insights from economics, individual/organisational psychology, health and behavioural science literature and workshops conducted with experts in financial wellbeing. The research shows that individuals at risk of poor financial wellbeing include not only those on low incomes with few assets but also those with high earnings and high spending (Cox et al, 2017). Both groups often face barriers to seeking advice, including a lack of trust in financial services; overconfidence in their own decisions; a lack of understanding of the benefits of financial advice; and feelings of powerlessness around issues related to their finances (PPI, 2015).

Research also suggests that an employee's wider financial situation is relevant to their behaviour and performance at work. As previously mentioned, poor financial wellbeing impacts on health in terms of poor psychological wellbeing; higher stress and anxiety levels; and lower levels of good health (Neyber, 2016; Taylor, Jenkins and Sacker, 2009; Evans, 2016). This in turn impacts productivity through poorer job performance, reduced concentration, and absenteeism. For example:

- For every £1 million an organisation spends on payroll, there is an estimated four per cent loss in productivity due to poor employee financial wellbeing (Barclays, 2014).
- Financial stress costs the UK economy £120.7 billion and 17.5 million hours were lost due to absence from financial stress (Neyber, 2016).
- Seventy per cent of the UK workforce admit to wasting a fifth of their time at work worrying about their finances (Neyber, 2016).

Research suggests that more employees than ever before are interested in obtaining advice and guidance from their employers about financial issues (Willis Towers Watson, 2016). Current employer trends in financial wellbeing suggest the numbers of larger employers offering financial wellbeing programmes to employees is increasing, with most citing their reason for expanding such wellbeing initiatives as ‘it is the right thing to do’ (85%) and ‘to help improve employee engagement’ (80%) (Aon Hewitt, 2015).

So what can employers do?

Our research this year highlighted the need for employers to take action to support their employees’ financial wellbeing; to identify the need for support among their workforces; and to offer staff access and to signpost them to sources of advice to make good financial choices. Stakeholders involved in the government’s Financial Advice Market Review (HM Treasury, 2016) suggested that concerns about regulation and potential liability deter some employers from offering financial support to their employees. However, there is lots of help that employers can offer without legal exposure (HM Treasury, 2016).

Actions that organisations can take to improve their employees’ financial wellbeing are highly varied and depend on a number of factors, including organisational size and sector; the profile and needs of the workforce; the level of priority and resources available; and the organisation’s existing approach to staff wellbeing. However, a good starting point – identified in the IES/CIPD practical guidance - is to identify employee need; the key challenges they are facing; and the kind of support they require (Rickard et al, 2017). Also, by segmenting the workforce generationally (Barclays, 2014) or by income bracket, relevant financial information can be targeted to employees based on likely financial pressures. Providing communications on the current reward and benefits package and reviewing whether the benefits on offer meet employees’ needs and financial goals or appeal to the differing priorities of all employee groups, eg young workers or older workers, would also be valuable steps to supporting employee financial wellbeing.

Overall, the IES/CIPD research highlighted that employers cannot just leave the current (poor) state of financial wellbeing in the UK to Government to solve, nor can they assume that it is employees’ personal responsibility alone to address (Cox et al, 2017). The evidence suggests that there are clear benefits for all in supporting employee financial wellbeing and making it an integral part of creating a healthy workplace.

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More on this topic

For further information on supporting employee financial wellbeing, read the recent IES-authored reports for CIPD:

- *Employee financial well-being: why it's important* - a policy paper on supporting employee financial wellbeing, informed by a literature review of academic and policy work and workshops with experts in financial wellbeing.
- *Employee financial wellbeing: practical guidance* - for practical advice on supporting employee financial wellbeing.
- *Employee financial well-being: Behavioural insights* - for advice drawn from behavioural insights on how to engage with different sections of the workforce concerning financial wellbeing.

IES is working with CIPD and the Money Advice Service in 2017 to develop and pilot a more detailed employer toolkit on employee financial wellbeing.

The three IES-authored reports for CIPD were published in January 2017 by CIPD. Find out more about these reports on the IES website: http://www.employment-studies.co.uk/pubs

To learn more about IES work in this area, or to discuss the concepts raised in this chapter, please contact Catherine Rickard, Senior Research Fellow:

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Hidden voices and disengagement: the gift of learning from political earthquakes

Amanda Callen, Senior Research Fellow

We didn't see that coming

2016 was a politically astonishing year for many people.

For others, however, it was the first year that they finally made themselves heard. A year when people whose voices had previously been contained and often disregarded, took the opportunities of the UK referendum and the US presidential election to propel their countries, and their astonished leaders, into momentous change.

One of the most striking things unifying the two voting results was the complete failure of many people to see the results coming. We know that the polls almost entirely missed the target, even up to and including the final day of voting. The politically powerful failed, or perhaps refused, to believe that so many people could feel so strongly that they would overturn the status quo and propel the nation into risky, uncharted territory. The news media too, largely failed to predict the result, almost until results were declared, listening mostly only to voices from within existing power structures.

It seems no one in power listened to, or took seriously, the voices of the people who were finally given a chance to be heard through the ballot box. Only long after the horse had bolted was the security of the stable door examined.

Organisations can learn from politics about listening, without the pain

This is all rich navel-gazing fodder for political and social commentators to ponder and dissect and since the elections there has been much debate about how 'everyone' got it so wrong. But the lessons to be learned extend beyond the political sphere. This potential for surprise of the powerful contains informative parallels within employing organisations. Organisational leaders have been given a unique opportunity to learn from the UK referendum and US election experience, without having to suffer the uncertain but radical change that both those countries now face.

At any one moment, within organisations, as in electorates, there are less powerful and less palatable voices which are probably not being heard. These are the voices which might, if they aren't listened to, do under-the-radar harm to the organisation.

Now is the time to reflect on whether it is possible that the measures being used to listen to employees could be producing management insight as flawed as the political insight that emerged from UK and US polling surveys. Even more concerning however, is the impact of not having an opportunity to express relevant and important opinions and ideas on both the individual and the organisation.

The impact on the employee: how it feels not to be heard

The emotional experiences of the unheard voter and the unheard employee are similar. People seek control over their lives – in work and beyond. They want to feel valued and involved and to know that they have had a chance to share their perspective with the people who shape their work or life experience and chances.

The emotional reaction to not being listened to includes a range of inevitably negative feelings: disappointment, frustration, blame, resentment, anger, emotional distance, hopelessness and more. Having the opportunity to be heard is a psychological need. People who feel their voices are not heard are not absent of impact. Humans are inventive and resourceful creatures and find an outlet for psychological needs one way or another.

How unheard voices create problems

People whose voices aren't heard or listened to don't just get used to it: they become disengaged and motivated to seek opportunities for expression in less constructive pro-organisational ways, which may include purposeful silence.

The behavioural manifestations of negative emotions in the workplace include rebellion, withdrawal, sabotage, obstruction, antagonism, lack of cooperation, reduction of effort, disinterest in team or organisational goals and ultimately resignation amongst many other potentially destructive behaviours. This kind of disengagement from work and the organisation is often difficult for leaders to manage, or even identify.

Research on disengagement as a construct is limited. However, using the growing engagement literature as counter-factual evidence, it can be inferred that, amongst other negative impacts, disengaged employees are less likely to promote the organisation's products and services (Scottish Executive Social Research, 2007), are more likely to have plans to leave the organisation (BlessingWhite, 2008), contribute to lower levels of customer loyalty and advocacy (Levinson, 2007), and are less likely to respond positively to their managers or perform as well as their engaged colleagues (Luthans and Peterson, 2002). In contrast to the sudden and startling expression of discontent and disaffection which the democratic processes recently allowed the unheard, the organisational impact of not ensuring that employees feel heard is more likely to be manifested through a quiet but enduring expression of alienation through the quality and quantity of work that employees do for the organisation.

Getting heard in organisations

The idea of 'employee voice' is often used to refer to the (usually formalised) opportunities employees have to input into decisions affecting their work and to be properly consulted and communicated with over workplace issues. It is widely acknowledged and documented by industry bodies such as CIPD, HSE, Engage for Success and the Fair Work Convention) and has been extensively explored in organisational and academic literature.

Research such as that carried out by Alfes et al (2010), Truss, Soane and Edwards (2006), and West and Dawson (2012) shows that having opportunities to feed views upwards and to input into higher-level decision-making is linked to higher levels of engagement. At a more immediate level, both Lewis, Donaldson-Feilder and Tharani (2011) and Robinson and Hayday (2009) showed that a manager who welcomed ideas and feedback from employees, and provided opportunities for team members to input into decision-making, was able to benefit from higher levels of engagement within their team.

At its earliest conception, Kahn (1990), the first proponent of the distinct idea of employee engagement, described feeling able to express and employ oneself without fear of negative consequences as a key determinant of engagement. Relevantly, Kahn argued that the degree to which people personally engage is based on their perceptions of safety, as determined by the quality of relationships they have with managers and colleagues. He observed that the perception of power and the unconscious roles people play in group dynamics, such as being cast in a supporting rather than a leading role, may inhibit the ability to safely personally engage.

Wherever there are power differentials, conscious or unconscious concerns about personal safety and survival will be present for the less formally powerful. This is a thought-provoking notion for those interested in understanding what might have gone wrong with the political polls and equally so for those who need to understand how and why formal and informal ways of collecting and sharing employee views might nevertheless be concealing the extent or nature of employees' genuine views.

The transformative power of being heard

Some recent research within a conflict resolution context sheds light on what happens when the powerful listen and the unheard feel heard. Bruneau and Saxe (2012) examined the impact of the opportunity for members of each group in a conflict situation (in this case Israelis and Palestinians and also white Americans and immigrant Mexicans) to share stories about their lives with members of the other group. The perspective-taking partner in each exchange was required to summarise the perspective they had been given by the member of the other group. Bruneau and Saxe found that both parties in the exchange of views benefited from the chance to share their own perspectives in terms of the nature of their attitudes towards those in the other group. Significantly, they also found that 'Positive changes in attitudes towards the [other group] were greater for [the less powerful groups] after perspective-*giving* and for [more powerful groups] after perspective-*taking*."

Without suggesting that organisational leaders and workers are in any way engaged in a conflict situation as a matter of position, there are elements of this research which make a strong case for organisations to facilitate and encourage upward communication from the less powerful, and ensure active listening and response from leaders and strategists (the more powerful). It is possible that creation of the opportunity to be heard might be most influential in engaging those groups of employees who feel least powerful within the organisation and whose voices may be lost in an organisation-wide annual survey.

An opportunity to consider who is getting heard

When the consequences of not listening to people are considered, the value of enabling all employees to communicate their views in an open way and to know that they have been attended to is clear. Employee views may be critical, difficult to hear or run counter to what is considered acceptable or informed, but the potential organisational cost of failing to allow expression can't be ignored. Paradoxically, supporting the expression of disengagement can in fact be evidence of strengthening engagement – a desire to effect positive change through making oneself heard.

Knowing our perspective has been heard can help to increase our personal and professional feeling of connection with the people who have asked us what we think and feel, and taken the time to listen. In turn it makes us more interested in hearing their perspective and to feel an increased sense of shared responsibility for the matters in question.

The challenge for leaders in doing this is not insignificant. It takes time, commitment and a genuine desire to remain receptive and non-defensive in the face of upward communication that will inevitably contain criticism along with possible compliments. Leaders have to hold on to the idea that while everyone has a responsibility to communicate with respect, those in power need to have the courage to ask questions that may have answers they don't want to hear, and the resilience to accept the diversity and elements of conflict that truthful answers may reveal, so that opinions and ideas are seen as both safe to express and acceptable in their difference. It may help to view this as an invaluable form of predictive HR analytics.

Doing it all already?

The seismic political implications of being unaware of the strength and breadth of feelings that was experienced in the political sphere in 2016 might usefully nudge organisations to ensure there are no elements of complacency in their own domains. Even if organisations feel they are doing a good job already, how can we ensure that people feel heard and so build engagement and performance?

It might be useful to examine our measures of employee attitudes to review whether they are good enough to capture any disaffection and disengagement. Are there perhaps groups of people who might not be heard via the channels we use? What about the least powerful, who are they and might they have a perspective we are missing? Are we hearing the voices of introverts, any non-readers, the young, the less dogmatic, those with low self-esteem, remote workers? Are our avenues for employee voice dominated by unionised or representative industrial relations channels and are these channels suitable for and used equally by everyone: the traditionally masculine paradigm underpinning them may not suit everyone or particular issues such as ideas and innovation.

Other worthwhile questions might include: How can line managers make it possible for people to feel heard in their daily roles? Have we asked people if they feel they are being heard? Have we asked people what their priorities for discussion are, as opposed to those set by the organisation? Do we hear the views that are less acceptable or do we close down avenues for discussion of those concerns? How can HR support leaders in hearing the voices of the disengaged without an emotional or invested response that allows them to be disregarded or driven underground?

Addressing these questions will open new perspectives on what we can do in our organisations to encourage employee voice and ensure people feel heard and important to those in power. A recent HBR article by Ron Carucci, quotes Elizabeth Morrison who was speaking at the Ethics by Design Conference 2016, arguing that 'You have to confront the two fundamental challenges preventing employees from speaking up. The first is the natural feeling of futility — feeling like speaking up isn't worth the effort or that no one wants to hear it. The second is the natural fear that speaking up will lead to retribution or harsh reactions.'

This is undoubtedly a challenge for every level of leadership in organisations, from board-level executive to first line managers. These things are much easier said than done, but not ensuring that our people are heard could surprise us, and cost us, more than we think.

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More on this topic

This chapter adds to IES's extensive research on employee motivation and its role in organisations. To discuss the arguments put forward in this chapter, or to find out more about IES tools, surveys and further work on employee engagement, please contact Amanda Callen, Senior Research Fellow:

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The HR function post-Ulrich's structural model

Peter Reilly, Principal Associate

'No model is perfect. You have to be an optimist and make sure the model works for you.'

(Wang Jing, HR Vice President China Operations Shell, cited in Reilly and Williams, 2012)

Introduction

In the 2011 edition of this report series, we looked at Ulrich in terms of the role of HR and, in that context, its service delivery model (Reilly, 2011). This time, we examine how robust we think the Ulrich structural model will be for the future, taking account of the changing environment as well as criticisms of the model.

A first point to make is that the deployment of the model is not as widespread as you would think, given the level of HR media commentary and attention it receives; its use is limited to large, complex organisations. Then, we should note that almost from the beginning there has been adaptation rather than the straight adoption of the model. Separating 'transformational' from transactional and creating three 'legs', made internal communication more difficult and contact for customers potentially challenging. The apparent assumption that managers would become self-sufficient in people management terms led to a hole in the middle of its framework where operational HR support should be (the 'polo problem' (Reilly and Williams, 2006). So, adaptations have sought to plug the hole with centralised contact centres, mobile caseworkers and junior business partners. There have been enhancements to the model recognising the need for greater internal oversight or governance, but there is also an execution theme in ensuring the policies developed by experts actually get delivered (through, for example, the employment of consultancy teams), a point acknowledged by Ulrich himself:

'Too often, HR professionals in centres of expertise offer insight and menus of choice, but they do not facilitate or act as partners in the operational implementation of these ideas.

Service centres deal with administrative challenges, but they do not deal with implementation of new administrative systems and practices at the business level.'

(Ulrich, 2007)

The essence of the 'Ulrich' structure has proved to be very resilient perhaps because of its evident cost and service attractions. The remarkably few formal alternatives proposed are perhaps not as radical as they claim to be. Kates' idea of 'solution centres' (Kates, 2006) in the middle, between business partners and Centres of Excellence (COEs) - a team of HR specialists responsible for the delivery of programmes developed by the COEs - looks to us just like another attempt to improve HR delivery and not that different from the other structural fiddling described earlier. Charan (2014) suggested splitting HR into two 'strands': one focused on administration and one concentrated 'on improving the people capabilities of the business', but this seems destined to continue the fragmentation of HR's efforts.

More noteworthy, perhaps, have been those organisations that have removed the business partner role or severely pruned their numbers (Reilly, 2015). This might be to cut costs; to focus resources on operational support; or from recognition that, in their organisation, few in HR beyond the director have a chance to make a proper strategic contribution.

A final, and perhaps most interesting, proposal comes from a group of young French HR professionals (Bevan, 2016). They talk of creating a 'Three Thirds' framework with specialists and strategic consultants (similar to now), but with a third of the function as 'geeks' – non-traditional, data scientists and analysts who exercise a diagnostic role and hold a brief to improve organisational performance. Whilst many HR functions are adding HR analytical capability (Reilly, 2015a) what the young French HR professionals are doing is seeing these analysts as the principal drivers for change; it is a data-centric view of the power to push the organisation forward (Bevan, 2016).

We are arguing that, whilst there have been adjustments to the Ulrich structural model, to date there has been only limited fundamental re-casting. Next, we ask whether there are upcoming environmental issues that might have a greater impact?

Potential influencers

Impact of technology

Technological change helped facilitate the arrival of the three-legged stool and has done much to make HR more efficient through better data capture, e-enabled processes, workflow systems and self-service methods. The next generation of technology, through the use of apps and robotic process-automation, might be expected to further reduce transactions and speed up processes, allowing HR to be able to concentrate more on what the data say and less on their management or manipulation.

Customer focus

We wonder whether there will be a backlash against the prioritisation of HR functional cost-reduction over customer needs, especially with respect to shared service functions. Stripped of their mundane duties and facing a more demanding management audience, will the next generation of shared service centres be judged on their ability to deal with more challenging tasks — will effectiveness not efficiency be king?

Changes to workforce composition

Another driver for change might be the growing diversity of the workforce. This is not just the well-worn challenge of ethnic mix, but also lifestyle differences and a variety of expectations, with some seeking to optimise work/life balance while others seek meaning from work. The 9 to 5, Monday to Friday employee will become even more of a minority[7]. Moreover, just as managers may become increasingly impatient with any signs of a ponderous HR, so employees will increasingly expect instant responses delivered in tech savvy ways.

In a media goldfish bowl

As recent scandals have shown, organisations may now be tried faster and more severely in the court of public opinion than in the courts of law. Moreover, the latest generation of workforce recruits may further pressurise organisations to spend more time and effort on governance issues with an increased sensitivity to external opinion.

Young HR professionals see HR as playing a role as the organisation's ethical conscience or moral compass (Bevan, 2016a), which would provide the function with an opportunity but also a real test of HR's mettle.

Labour market context

One issue that is hard to judge is the state of the UK labour market in the next few years. Brexit has confused matters, and risks reducing the ability of the country to flex resources as needed. The assumption is that technology will mean we will need far fewer jobs. But we have heard that before, and whilst the number of manual jobs has reduced, other

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[7] Even at the turn of the century those on full-time regular contracts with fixed weekly hours formed a minority of the workforce (see Reilly, 2000). Also, read more on new forms of work in Penny Tamkin's chapter in this report.

work has arrived and, rather than entering a period of extended leisure, some find themselves working longer hours in a longer career.

In the so-called gig economy, the task and the person to perform it are brought together just long enough for the activity to be completed. So at one end of the spectrum will be those operating in the use and throwaway economy, whilst at the other end, scarce people with specific talent or skills will be nurtured by companies seeking to protect their investment in human capital (read more on this topic in Wendy Hirsh's chapter in this report).

Straws in the wind

The messages above seem to be that HR must be increasingly flexible and responsive; technologically savvy; customer-aware in a more profound sense than before; and sensitive to what is going on inside and outside the organisation, with quality workforce intelligence taking advantage of analytics to make an organisational impact.

At a structural level, it suggests further weakening of the role of transactional shared services but a strengthening of customer engagement and, if affordable, a further ramping-up of the business-partner model so that they deliver the kind of strategic inputs executives are demanding. The requirement for managers to improve their people management skills, evolving from old-school command and control to a more engaging and involving style, will not abate. The question still then remains what degree of support will be expected from HR to ensure this happens.

Other pointers for change come from Lucy Adams, former HR Director at the BBC. In a blog she offered 'five trends in HR org design' (Adams, 2016) in the context of replacing 'Ulrich'. These are:

- From business partner to account management
- HR advisory – more than a transaction
- Employee experience not centres of expertise
- Building capability not just compliance
- Contingent vs permanent.

From business partner to account manager

The first of these trends has been seen before: many of the earliest examples of business partners regarded themselves as account managers who acted as facilitators operating in the space between line-customers and the rest of HR. Kates' (2006) client relationship managers hold a similar role.

This model is attractive but dependent on the diagnostic skills of the Account Manager, their HR understanding (which Absa (cited in Reilly and Williams, 2006) found lacking) and on the responsiveness of the rest of the function to the issues raised. More fundamentally, it goes against the wishes of customers to have a dedicated professional one-stop-shop source of help, not conduits to other service providers (Carter et al, 2011).

More than transaction

The second of these trends is the recognition that casework management is more than simply a transactional service; we have already covered this earlier in describing the responses to the gap in providing line manager support.

Employee experience not 'centres of expertise'

As the boxed example shows, this is again not a new idea but it is one with considerable merit and which is too rarely introduced. It takes shared services back to Ulrich's original conception of the 'user as the chooser' (Ulrich, 1995). In practice, cost reduction dominated the design of the structure and customer needs were subordinated to efficiency. One positive sign, as Adams points out, is the appointment of non-HR people to management roles in shared services centres to bring a customer perspective. Other companies have retitled their delivery arm 'People Services' to mark this kind of change of mindset.

> In 2008 Aegon UK introduced a new model of HR shared services to 'ensure we build an operation which puts the customer at the heart of what we do'. Described by the company as a 'technology-enabled model' (Mallin, 2009), services were provided on a cross-functional and integrated basis at key points in staff employment, such as the 'new start process' and events like transfer, promotion or exit.

Building capability not compliance

See our 2011 Perspectives article (Reilly, 2011) on the changing role of HR away from a 'prop and (especially) cop' positioning for a detailed discussion.

Contingent versus permanent resources

Williams and I have argued (Reilly and Williams, 2006) that the staffing of centres of expertise should be flexed between internal and external capability in a way that balances workload and expertise. Adams takes this further through a 'Smart Contingency' approach by creating 'an eco-system of a mix of contingent HR capabilities …' (Adams, 2016). Economic uncertainty will further challenge how much HR activity needs to be resourced all year round through the core HR team, and how much HR input can be called off from outside the firm in areas such as reward, talent and succession planning and even strategic workforce planning.

Will Exell and LMA Recruitment have launched a partnership that facilitates the 'smart contingency' approach. Their offer combines the traditional interim concept with the benefits of consulting, including quality assurance and expert insight, blurring the distinction between the two. Critically, this is done by meeting the gig economy preference for just-in-time/just-enough resourcing. Experienced HR professionals can be provided in a more cost-effective manner as needed, rather than being permanently employed. Moreover, this proposition might be attractive to individuals who want to exploit the flexibility of remaining self-employed, working in the time and manner that suits them.

Summary

Despite debate, the fundamentals of the Ulrich model remain in place as it still offers a balance between effectiveness and efficiency, albeit with adaptations. The most important of these appears to be a greater focus on improved delivery, including support to line management on operational issues.

However, trends in technology, customer expectations, and the need to be more agile, faster and responsive have the potential to lead to further and possibly more radical changes. Technology could really sweep away the transactional element of shared services' work. Likewise, expertise may be deployed more on a just-in-time basis with greater use of external consultants. Business partners, if they are unable to offer a genuinely strategic contribution or be 'agents provocateurs'[8], might be dispensed with or severely pruned. Moreover, if managers become increasingly self-reliant and skilled, they may be dissatisfied with low-cost, standardised solutions to increasingly wicked questions.

The chance to exploit the growing amounts of data with software that facilitates easier and higher-quality analysis may offer HR hope of relevance for the future. The skill will then be to cut through the mass of data and deploy insight in such a way that it helps solve business problems whilst avoiding becoming data-obsessed, thereby prioritising the strategic and critical over the urgent but less consequential (Reilly, 2016).

Similarly, HR may need to resist the temptation to extend technology too far into the relationships between managers and staff. Nurturing of high-value talent might become a business necessity especially if those in commoditised roles find themselves in the

[8] As described by Trevor Bromelow, at the time Personnel Director of Siemens Business Services (see Reilly and Williams, 2006)

precariat. Just as with managers, a more personalised service may become a competitive necessity. In dealing with employees, high-touch not high-tech might be the response.

This returns to the argument we made ten years ago (Reilly and Williams, 2006). In the end, the future of the HR function all comes back to the capability of HR and its ability to learn, especially from other functions, on data, customer experience, branding and the like. Structures can change this way or that but it is the quality of the HR staff, their ability to innovate and help the business improve, that is critical.

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More on this topic

To read Peter's 2011 Perspectives article 'Re-structuring HR functions: a new model for HR?' visit: http://www.employment-studies.co.uk/resource/ies-annual-review-hr-year-ahead-2011

Peter's 2015 Perspectives article, 'HR business partners: yes please or no thanks', may also be of interest: http://www.employment-studies.co.uk/resource/hr-business-partners-yes-please-or-no-thanks

To discuss further the Ulrich model, or to find out how the concepts discussed in this chapter can be applied in your own organisation, please contact Peter Reilly, Principal Associate:

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IES Annual Conference: Smaller function, bigger issues: Where next for HR and people management

5 October 2017, London

Our conference this year will continue the theme developed in this chapter on HR's structural model. Full details of the event will be announced later this year.

Please keep an eye out for announcements on the programme for this event on the IES website.

Strategic change-readiness for organisations

Alison Carter, Principal Research Fellow

Introduction

The world is a complex operating environment for organisations, but the future looks even more complex as the world is now changing at a rate that challenges basic systems, structures, norms and cultures built up over decades (Kotter, 2014). Trends in technology, ever-changing customer expectations, and the need to be agile, fast and responsive are all contributing to radical changes for organisations, and for the people who work within them. Whilst the need to support individuals through change has been recognised for some time, at IES we argue that it is time to overhaul the way organisations are made ready to face change. Organisations themselves need to be considered as 'virtual individuals' in preparing for change. If they are not, then they risk the same kind of dislocations and discomforts that bedevil the individuals that work within those organisations.

This is not a trivial problem: an IBM Study of 1,390 change practitioners across 48 countries and 20 industries found that 41 per cent of change projects were described as unsuccessful, and the gap between the magnitude of change and the ability of organisations to manage change also continues to widen (Jorgensen, Owen and Neus, 2008, cited by Bennett and Bush, 2014). Others estimate that over 70 per cent of *sustained* change in organisations is unsuccessful (Bennett and Bush, 2014).

This article offers reflections on how some organisations become resistant to change whilst others appear able to adapt and operate reliably in the face of uncertainty and complexity. In particular, we reflect on recent IES work that identifies mindfulness across a whole organisation system as a way of organisations simultaneously coping with, and benefiting from, change and uncertainty. Finally we introduce a model to help HR specialists and change leaders think about maximising the benefits from change and minimising the problems associated with change.

Organisations and change

We know that effective leadership at all levels helps when it comes to driving change (Jorgensen, Owen and Neus, 2008, cited by Bennett and Bush, 2014) and that successful changes in organisations require a vision that's better than the status quo (Bevan, Plsek and Winstanley, 2011). But why is successful and sustainable organisational change so difficult?

Resilient structures versus adaptable eco-systems

Organisations can be seen merely as structures that group people and resources to solve problems, achieve goals or perform activities. In theory, this approach smooths out over- and under-performance by individuals; if a genius (or the opposite) is replaced, activities still continue. Organisations where this happens can give the illusion of being resilient, apparently able to preserve themselves in the face of challenges. These structures can, however, become a snapshot of how an organisation was structured when it was considered to be performing at its best. The problem comes when the snapshot doesn't age well, and becomes a faded sepia print. 'Resilience' can easily become 'resistance'.

Organisations with a long life span, that flourish, do so because they can change; because they can compete and co-operate with other organisations; and because they can encourage internal co-operation and competition between their component parts. Rather than being a monolithic, fixed structure, they operate as an ecosystem: an organic fusion of organisation structure ('who fits where') and organisation culture ('how we behave') so that change can be addressed, embraced, and celebrated.

Ecosystems adapt – the analogy comes from the living world – with ruthless efficiency. Ecosystems are accepting of change. Species evolve over time, species vanish, creatures change their behaviour, but the ecosystem continues. An ecosystem is a motion picture, not a faded sepia print.

It would seem that such ecosystems are all too rare; the management of change often receives rock-bottom ratings in employee surveys and constant re-structuring adds to the feeling of weariness. So, if our organisations have to change why aren't we doing it better?

Mindlessness versus high-reliability cultures

There is a growing recognition of the consequences of a lack of awareness, or 'mindlessness', in attempting to deal with organisational challenges. Aviles and Dent (2015) argued that much of organisational behaviour is performed mindlessly, on the basis of scripts learned through experiences. This also chimes with the consequences of a lack of empathy, a lack of emotional intelligence (Goldman, 1996), and a lack of emotional agility (David, 2016). Ashforth and Fried (1988) argued that mindless behaviour by organisational members can adversely impact or impede the success of positive organisational change.

The relevance of mindfulness for organisations in a context of complexity has been particularly highlighted in relation to High Reliability Organisations (HROs). Examples of HROs include nuclear power plants (Bourrier, 2011), naval aircraft carriers (Rochlin, La Porte and Roberts, 1987) and air traffic control systems (La Porte, 1996). Failure in any of these organisations would be rather more than inconvenient, and the outcomes could be catastrophic if individuals and organisations behave mindlessly (Weick and Sutcliffe, 2006). These workplaces all operate, as writes Rochlin (cited in Weick, Sutcliffe and Obstfield, 1999), in an environment 'rich with the potential for error, where the scale of consequences precludes learning through experimentation, and where to avoid failures in the face of shifting sources of vulnerability, complex processes are used to manage complex technology.' In all of these environments, changes must be carefully considered and carefully introduced by a management entirely mindful of their people, and conscious of the high price of a systems failure.

In addition, in an extensive review of the organisational change literature, Weick and Quinn (1999) made a contrast between 'episodic' and 'continuous' approaches to change. They argued that episodic change follows the sequence unfreeze-transition-refreeze, whereas continuous change follows the sequence freeze-rebalance-unfreeze: each type implies different roles for change agents.

What is meant by 'change-ready'?

The term change-ready as applied to employees, refers to a set of key cognitions, beliefs and behaviours that make up a prevalent positive attitude toward the process of transforming to a strategically different position.

Change-readiness in organisations is more than the sum of individuals' change-readiness, although that is important. Change-readiness at a whole-systems level operates at interpersonal and collective levels. Individuals, processes and policies interact in unforeseeable ways (Sutcliffe, Vogus and Dane, 2016) and the benefit of employees embracing change (at a collective level) is the collective capability to consider emerging situations, and to act swiftly in response.

Change-ready organisations demonstrably put into practice the three key concepts of organisational resilience, learning orientation, and adaptability. Together, these three ideas lead to better performance outcomes (Carter, Tobias and Spiegelhalter, 2016). Leaders in change-ready organisations exhibit mindful behaviours which have a 'snowball effect' on their wider organisation, encouraging organisational ambidexterity, and creating alignment and adaptability at the same time. Change-ready, mindful leaders are continuous learners, drawing on others at different organisation levels, and integrating everyone's contributions.

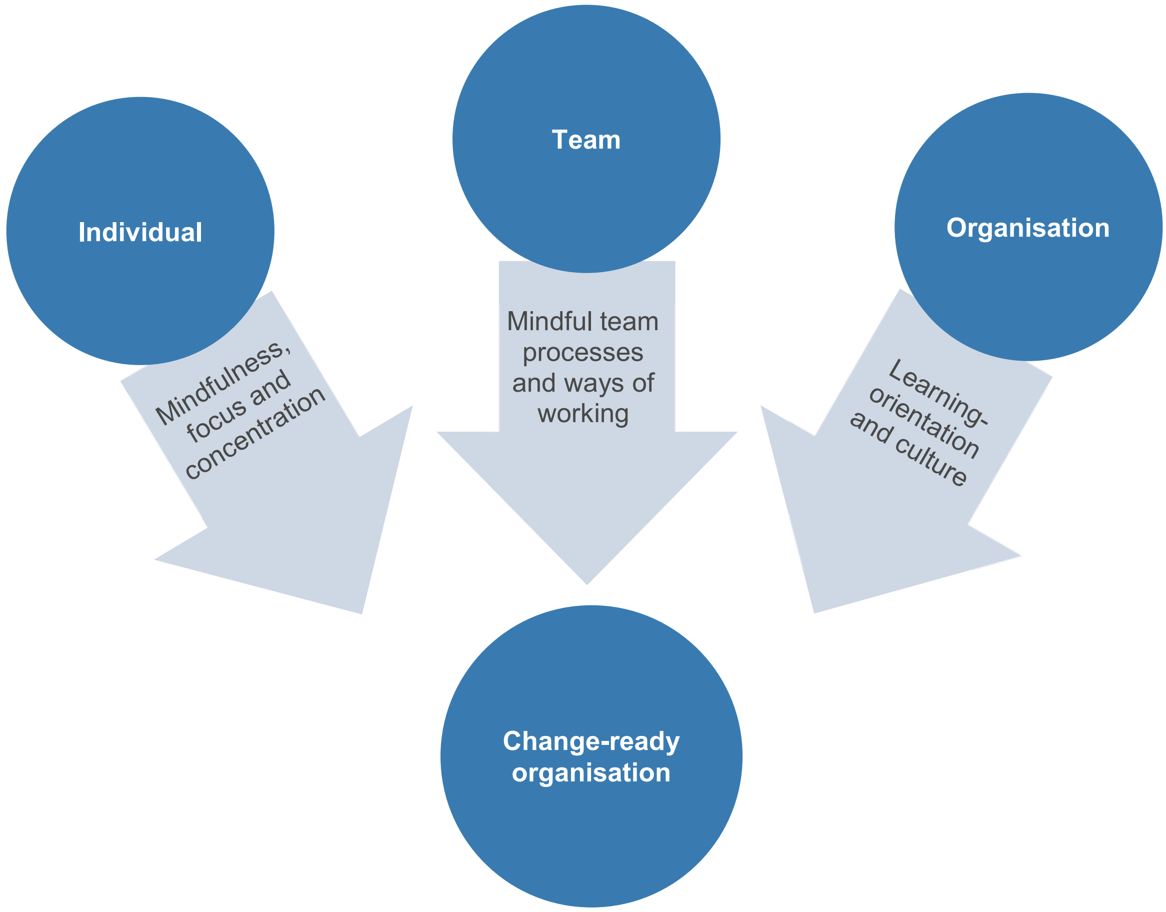
Managers must learn to recognise interconnections between different environments with competing priorities and make intelligent decisions. It is with this need in mind that mindfulness has been put forward as a way for managers and employees to learn skills of self-regulation, attention and awareness (Brown, Ryan and Creswell, 2007). Coaching meanwhile has been put forward as the intervention of choice for enabling leaders and employees to engage in critical conversations, remove corporate stumbling blocks and sustain momentum long enough for the benefits from change to be realised (Bennett and Bush, 2014).

Therefore techniques, such as mindfulness, coaching, reflective practice and others, could be applied at multiple levels (individual, team and organisation) simultaneously and flexibly. A multi-level approach would enable leaders and teams to genuinely develop a sustainable capacity for identifying and addressing difficult and unexpected challenges.

Mindfulness as a catalyst for change-readiness

IES has been collaborating with Cranfield School of Management in an exploration of mindfulness as a catalyst for strategic change, working with an organisation to design, pilot and evaluate a mindfulness-based intervention specifically to target change-readiness. The project has made us think about how existing interventions can be deliberately designed to contribute to systemic transformation across a large organisation or sector, with an ultimate goal of the whole system performing reliably and with agility in the long term. By applying mindfulness at individual, team and whole-organisation levels, we expect that the approach will foster reliable performance in the face of uncertainty and contextual complexity, as shown in Figure 1 below:

Figure 1: Components of a change-ready organisation



Source: IES

Our research has allowed us to explore how an intervention can be designed and used at multiple levels. In this context, that means designing a mindfulness-based intervention that goes beyond just training individuals in meditation techniques. We conducted an evidence review (reported in Carter, Tobias and Spiegelhalter, 2016), which uniquely brought together the scientific threads on strategic change and mindfulness at work. In the mindfulness literature, two bodies of research have emerged: one focusing on the internal psychology of individual mindfulness, the other on the social processes of collective mindfulness (Sutcliffe, Vogus and Dane, 2016). A deliberate application of mindfulness techniques could help to soften and adapt to the impact of change in an organisation.

We also spoke with organisations to explore their experience of mindfulness-based interventions as a tool for building organisational change-readiness (Carter, Tobias and Spiegelhalter, 2016). We found, as with other interventions, the right 'hooks' are needed to draw in the people who need to participate. Open workshops for self-selecting employees may increase wellbeing and their ability to cope, but won't necessarily help the organisation as a whole. Further, if these positive results for individuals are isolated from improvements in the workplace environment, the overall impact on employee engagement can be negative. As for other training, disillusionment results if individuals identify a better way of working, but are then not 'allowed' (or given the necessary support) to implement their ideas. However, it doesn't have to be that way. In one of our featured case studies, leaders were targeted in a cross-government programme. They described a ripple effect: by being a mindful leader, they produced team-working, higher performance and improved employee experiences of the workplace. For organisation-wide outcomes, a focus on leaders might well be worthwhile.

Our research findings to date suggest that mindfulness-based techniques could be applied simultaneously and flexibly at multiple levels. A multi-level approach would enable leaders and teams to genuinely develop a sustainable capacity for identifying and addressing difficult and unexpected challenges, a useful skill set during periods of change and uncertainty. Mindfulness-based methods need to match the complexity and context-dependency of today's organisational reality.

What can organisations do to increase change-readiness?

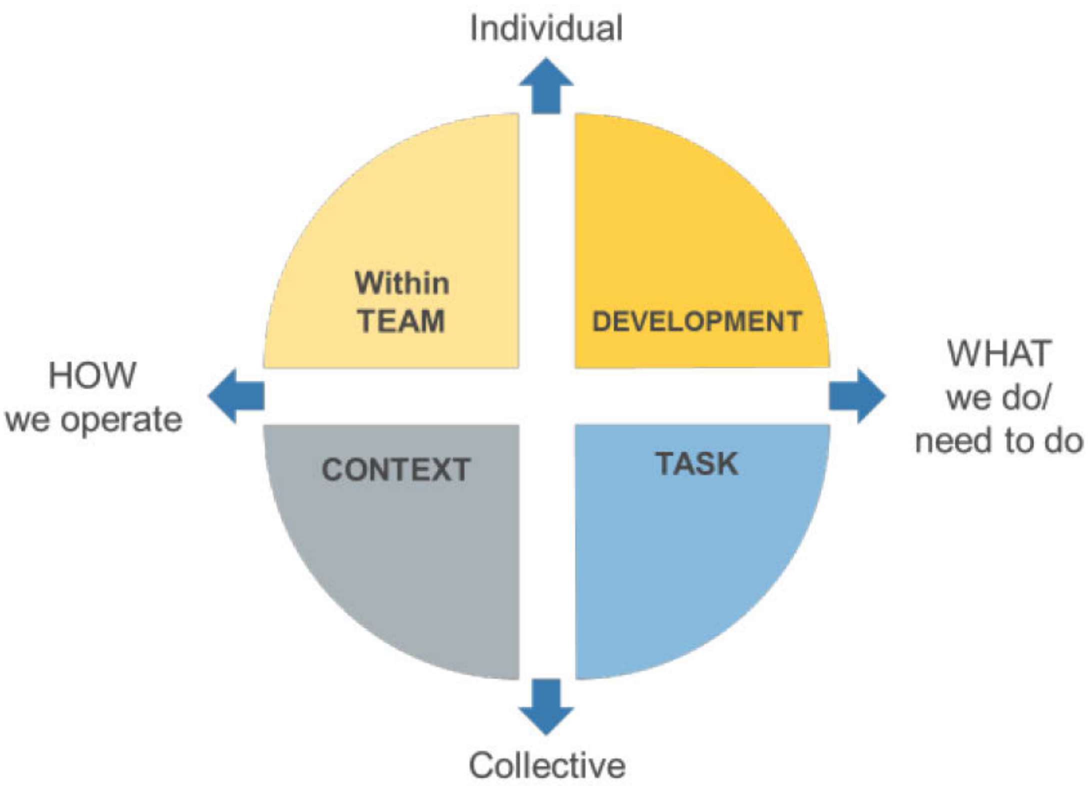
There is a large volume of psychological studies on team effectiveness, OD, leadership, adult learning, ethics and change (eg Kozlowski and Ilgen, 2006; Avolio, Walumbwa and Weber, 2009), much of which has found its way into business school curricula and popular press. This evidence base is being supplemented by a growing number of books on the benefits of the emotional agility of individuals (eg David, 2016) and mindfulness (eg Chapman-Clarke, 2016). What is missing from the change practices of many organisations is *use* of this evidence base.

In recent years, IES has explored a variety of organisation approaches to change in a series of articles and change-centred events. These have included: employee involvement in co-creating the change process (Garrow, 2016); change coaching to help individuals or groups successfully implement current desired change whilst simultaneously developing increased capacity to make future changes (Bennett and Bush, 2014); repositioning coaching programmes to leverage their contribution to implementing organisational change (Carter, 2015); ethical leadership to create and sustain organisational culture change (Tamkin, 2016); appreciative inquiry to generate positive energy for change in a very large organisation (Garrow, 2015); and mindfulness techniques as a complement to organisational and strategic change initiatives (Carter, Tobias and Spiegelhalter, 2016).

In the face of so much evidence, what is needed is a way of deciding which methods to select and where best to deploy them to maximise benefit in terms of change now and change-readiness for the (as yet unknown) future. There is also a need to integrate these methods within a leadership ethos of managing change with compassion and ethics.

The first port of call would seem to be a reflection on the current state of readiness for change using the IES Model of Change-readiness (shown in Figure 2).

Figure 2: IES model of change-readiness



Source: IES

The model has two main axes. The vertical axis separates interventions which support **individuals'** change-readiness from what is in place to support **collective** change-readiness, eg for teams, divisions, or the organisation. The horizontal axis separates out whether interventions target changes in the way the business runs, its shared values and its culture in the broadest sense ('How we operate') or the content of business activities/operations ('What we do/need to do'). The four quadrants form the essential aspects of what contributes to change-readiness at organisational level. If you leave out any of these, something is going to be missing, and barriers to successful change will appear. The model is, however, neutral: it does not tell you what interventions you should put it place, just be sure to consider all four quadrants to make success much more likely.

Final thought

The emerging literature seems to provide a solid body of evidence that links mindfulness to multiple levels of change through its operation at both individual and collective levels.

Individuals, processes, and policies interact in unforeseeable ways (Sutcliffe, Vogus and Dane, 2016). Collective resilience, learning orientation and adaptability shape interactions in all directions, and are more than the sum of individuals' resilience, learning and adaptability. The result is a collective capability to discern discriminatory detail about emerging issues, and to act swiftly in response to such details. The development of mindful leaders should be encouraged: they are continuous learners, able to draw on others at different organisational levels, and integrate everyone's contributions.

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More on this topic

This chapter continues IES's work on mindfulness in organisations. Alison Carter's HR Network paper, *Mindfulness in organisations*, will be available to download from the IES website in February 2017. The paper is currently available exclusively to IES HR Network members. To find out more about our corporate membership programme, please visit: http://www.employment-studies.co.uk/network

To learn more about IES's work on change-readiness in organisations or to discuss how this concept might be applied in your organisation, please contact Alison Carter, Principal Research Fellow:

alison.carter@employment-studies.co.uk | @AlisonCarterIES

Integrating mindfulness and compassion

7 Sep 2017, London

Mindfulness and compassion are increasingly being mentioned as features present in great places to work. Research studies indicate the employee wellbeing and performance improvements which can result. In this experiential workshop we will explore what these concepts actually are and how they might be taken beyond training programme provision and leveraged to support organisational transformation and culture change.

This event will be facilitated by Alison Carter who will be joined by Dr Jutta Tobias, Cranfield University School of Management, and Liz Hall, IES Associate and Professional Coach.

To find out more or book a place, please visit: http://www.employment-studies.co.uk/events

The role of HR in workforce innovation

Peter Reilly, IES Principal Associate, and Associate Fellow, Edinburgh Napier University, and Professor Maura Sheehan, Professor of International Management, Edinburgh Napier University

Introduction

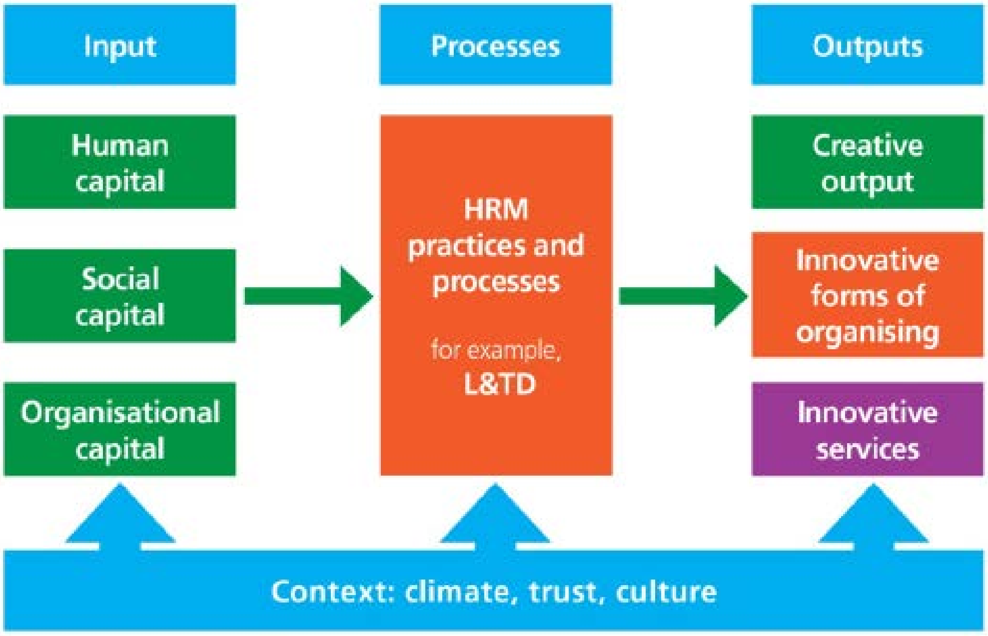
While it is widely acknowledged by academics and practitioners alike, that Human Resource management has the potential to build a committed and engaged workforce, which in turn contributes to firm performance (Jiang et al, 2012), much less has been said, until recently, on HRM's role in enhancing innovation (Shipton, Budhwar and Crawshaw, 2012).

This is despite the fact that, according to a recent CIPD Outlook Survey (CIPD, 2016), innovation is seen as one of the top five organisational challenges. Even more damningly, the survey suggests there is a clear discrepancy between what business leaders need and what HR is offering. Only a quarter of business leaders believed the 'current people strategy will help the organisation achieve its future priorities' (Ibid.).

So why is the people strategy not contributing to innovation as much as business leaders would like?

We can reject one possible cause, namely that there is no link between HR/people management and innovation. Bos-Nehles and Janssen (2015) summarise the evidence and find 'an extensive literature' that indicates a 'positive link between HRM and innovation'. Similarly, academics at Bath University have developed a model (Figure 1) that demonstrates how 'HRM practices and processes' can deliver organisational innovation.

Figure 1: HRM and innovation



Source: Kinnie, Swart, Hope-Hailey and Van Rossenberg, 2012. Reproduced with permission of the Chartered Institute of Personnel and Development, London (www.cipd.co.uk)

Perhaps another possible reason is that HR does not see itself as having a role in generating innovation. The same CIPD survey found that three quarters of HR respondents believe their people strategy will 'help the organisation achieve its future priorities', including innovation (CIPD, 2016).

So, if HR/people management policies and practices *can* facilitate innovation and HR *believes* they will, what is the problem with HR's effectiveness – at least in the eyes of their bosses?

Research being undertaken by Edinburgh Napier University is exploring the impact of HR policies and practices on organisational innovation and early findings are discussed later in this article.

Which HR policies and practices might lead to innovation?

Bos-Nehles and Janssen (2015) found organisational climate and eight HR policies and practices were conducive to innovation. They are:

- work autonomy;
- task composition (variety etc);

- job demands (ie effort required and time pressure);
- feedback (on performance etc);
- job security;
- job rotation;
- training and development; and
- reward.

Some of the above are very broad categories (training and development or organisational climate), compared with others which are quite specific (job security and job rotation). Some of these factors were more powerful than others in stimulating innovation, and the way they achieved their effects also varied. Autonomy; training and development; feedback; organisational climate; task variety; and job rotation had positive direct impacts on innovation. Reward and job security, however, had a more complex relationship. Reward only works when it positively affects employee behaviours and when the right conditions are present. Job (in)security can either promote or inhibit innovation; workers may either not participate in innovatory practices, fearing the job loss, or they may become more engaged in the hope of improving organisational performance thereby protecting their jobs.

Cook and Saini (2010) in a study of innovation in Indian firms[1] looked at some more specific HR policies and practices. They are listed in the order of frequency in which they were adopted:

- training and development;
- suggestion schemes;
- employee recognition awards;
- quality initiatives;
- performance appraisal;
- performance-related pay;

[1] Anticipating a challenge to the relevance of Indian practice to western companies, the authors note that those regarded as supporting innovation 'appear to be in line with those prescribed in Western HRM literature and what has been found being practiced by firms to various degrees in different parts of the world' (Cook and Saini, 2010).

- performance/merit-based promotion;
- learning organisation;
- employee engagement initiatives;
- knowledge management;
- employee welfare schemes;
- empowerment;
- management/leadership development;
- profit-sharing;
- career development planning;
- recruiting creative employees; and
- autonomy.

Comparing the list with the literature review described above, you will note that the more obvious HR initiatives (eg the performance-based elements, recognition etc) are reported frequently, but the wider or manager-led actions are not picked out as much (eg autonomy at the bottom of the list) or at all (eg task composition). This may be precisely because the latter are not seen as HR practices or as falling within the power of HR to execute.

On the whole, the researchers found that all the adopted practices were to varying degrees effective in stimulating innovation. The areas identified as needing most attention included better communication; greater flexibility; empowerment; and autonomy. In other words, those areas where line managers have a crucial role to play.

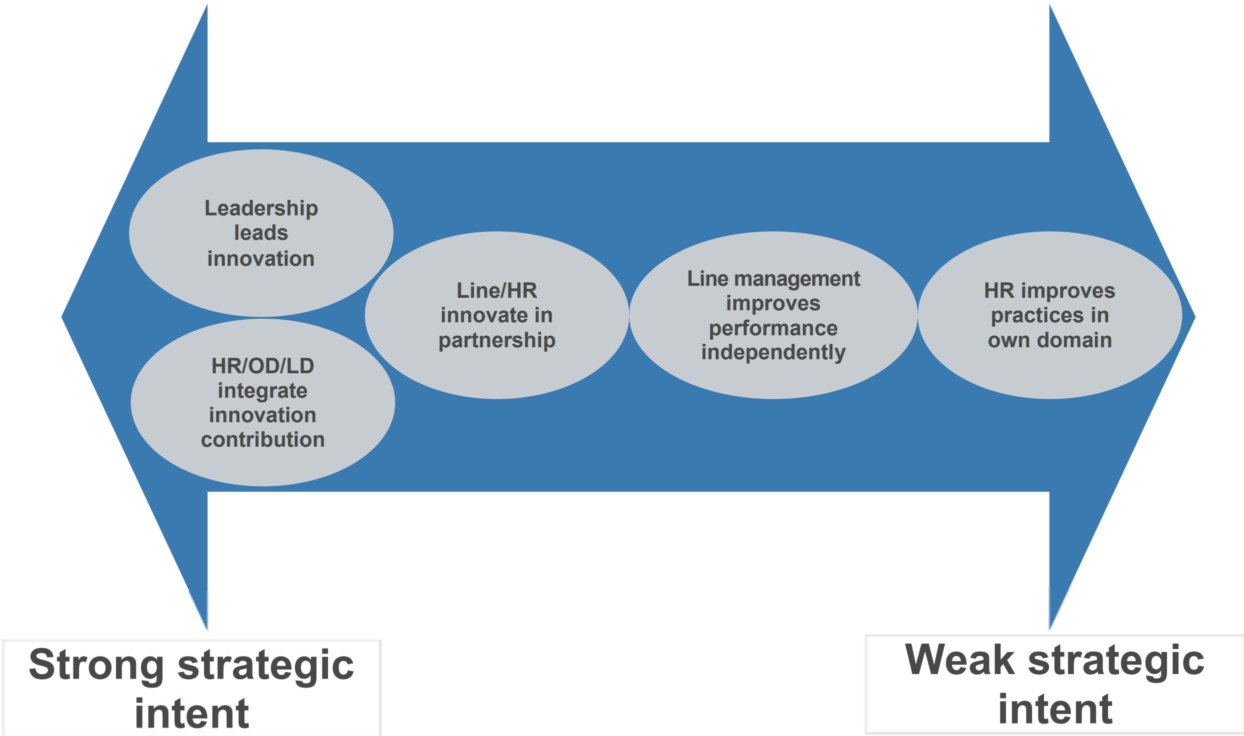
What is HR in this context?

This might appear to be an odd question to ask, but what is perceived to be within HR's domain is a critical issue in understanding the sort of contribution that can be made. What we have tended to see over time is a convergence among the people management functions (HR, OD and L&D) around the imperative of increasing organisational effectiveness (Francis, Holbeche and Reddington, 2012).

Against this background, traditional HR, operating through the practices it 'owns' (like reward, appraisal, recognition, etc), might be expected to offer little by way of building innovatory practice in an organisation, but 'new' HR might well have a contribution to make working in concert with OD and L&D. Again, line managers' engagement with innovation might be quite independent of HR or there might be a specific partnership between them with common goals and an agreed division of labour. The organisational leadership may be orchestrating these efforts or they might be emergent, experimental or even deviant in this process.[2]

Seen in these terms there are two dimensions which overlap, as seen in Figure 2. *Who* is seen as owning or leading on the innovatory process – HR or management – and the *extent* to which innovatory process is strategically aligned to business goals.

Figure 2: Ownership and development of innovation



Source: IES

What have we found in our research so far?

HR policies and practices as a driver of innovation

We have found limited evidence of HR driving change through the alignment of practice with innovation as a business goal. On occasion this is because there are differences of opinion on the ability of HR practices to deliver. Take performance-related pay, for

[2] CIPD (2013) makes the distinction between managerial, distributed, cautious and specialist innovators.

example: some HR people believe that employees respond positively to financial incentives whilst others feel that staff are motivated by other things, and that reward has limited value in encouraging innovation.

Another impediment is reconciling tensions between conflicting goals. For example, in performance management, HR may want to standardise processes for efficiency (or to reinforce a 'one company' philosophy), whilst at the same time realising that process segmentation is necessary to get best fit between policy and people. Thus, knowledge workers may require a light touch whereas some other jobs require more active management.

A third constraint is that HR is often already encouraging a practice for other reasons than stimulating innovation. Employee engagement is at the core of workforce performance (Robinson, Perryman and Hayday, 2004), but many companies already have engagement initiatives for a host of reasons – to improve productivity, attendance, health and safety, etc – without making an explicit link to innovation.

Fourthly, where HR practices can be seen as being connected to innovation, the change has sometimes been led more by senior management than by HR. Target setting has been made more flexible and assessment has been broadened in a wider definition of performance and/or extended beyond individual appraisal to encompass team contribution. HR has often been very supportive of these changes but rarely in the vanguard.

HR and risk management

An area where HR might be able to facilitate innovation is in shaping attitude to risk. HR could, for example, encourage the hiring of very creative employees who might not fulfil all short-listing criteria. Alternatively, HR could encourage line managers to cut highly innovative individuals some slack in measuring performance against broad standards or, more fundamentally, alter the performance standards to include innovation criteria.

In our research, we did see some occasions where attitudes to risk had shifted but again it did not feel like there was a systematic exploration of what sort of staff, managed in what sort of way, were needed to drive innovation. One simple explanation may be that innovation is only one of many business drivers that HR practice has to balance. Moreover, HR can rarely start from scratch, as it has to operate with the existing workforce, including managers.

HR and cultural change

The last point leads on to the area where, at its best, HR seems to have been most effective, and that is in the broader organisational climate and culture area. The extent to which it succeeds largely depends on the power bestowed upon it by the business – how central its role is – though this is naturally influenced by the HR leadership's ability to influence senior colleagues.

The pattern of activities that emerged in our interviews was one of:

- establishing a clear business focus on innovation;
- connecting corporate and personal goals and focusing time and effort on this activity;
- building an environment where self-reflective responsibility is encouraged;
- trusting people to get on with things and to take risk/experiment (allowing for (safe) failure);
- getting better at capturing and disseminating good ideas;
- using internal and especially external benchmarking to inspire and challenge; and
- improving workforce capability, eg in upskilling managers in order to give priority to relationship building and to generate new ideas, fresh insights.

These activities can be reinforced through leadership behaviours, structural/locational readjustment and finding ways to make culture change 'go viral'.

HR often acts through the actions of passionate individuals who run innovation workshops; stimulate employee participation in listening events; broadcast stories of success; and variously ensure innovation is constantly on the agenda. They agitate, cajole and encourage.

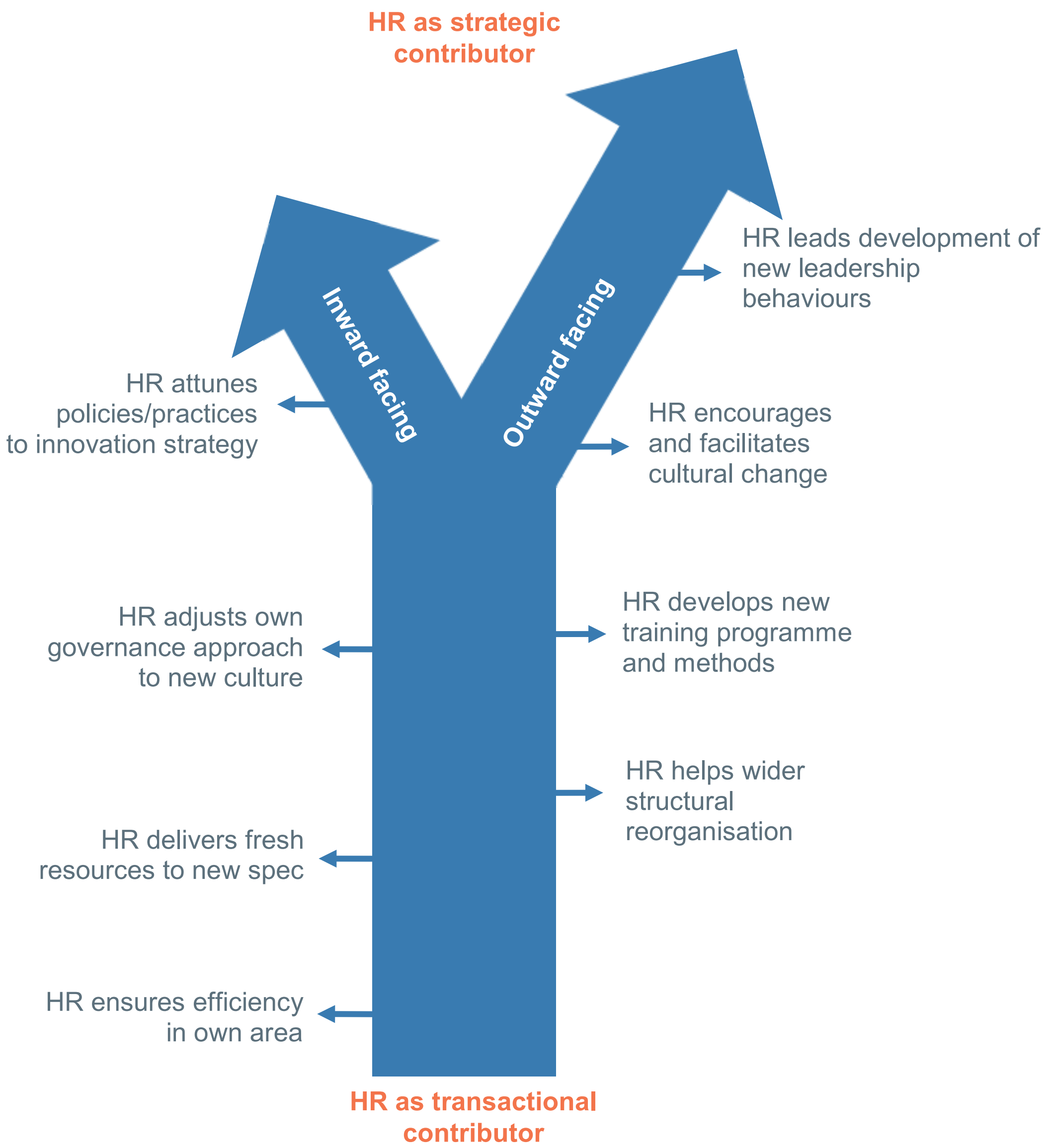
HR minds its own house

A final area to note is that HR should itself emulate the wider cultural change it seeks, and this is what we have found among our case studies. This was most evident in HR making its processes more efficient, leaner, effectively-automated and customer-friendly – as colleagues are themselves expected to do. On occasion this went further, in simplifying policies and giving managers greater freedom to adjust them better to different circumstances. The aim was to avoid HR's tendency to over bureaucratise and hinder innovative behaviour.

To summarise

As Figure 3 (overleaf) shows, HR can contribute to innovation activities along a wide spectrum. From applying the corporate principles of driving out process 'waste', through ensuring its policies and practices facilitate, not hinder, innovation. From performing its resourcing role mindful of new requirements, to finally pressing for the adjustment of leadership behaviours, engaging directly with culture change, and helping to ensure that the conditions are right for innovation to flourish.

Figure 3: HR's role in innovation



Source: IES

To return to Figure 2, HR appears to be most effective when the distinctions between itself and other people management actors become blurred. Its actions are integrated with those of line manager colleagues under the clear direction of an organisational leadership which is itself prioritising innovation.

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More on this topic

We explored the challenges of engaging individual employees in innovation, in the 2015 edition of this report. To read this article, visit: http://www.employment-studies.co.uk/resource/innovation-turning-good-ideas-reality

If you would like to hear more about the Institute's HR consultancy work or to continue the discussion around the topic of innovation and HR, please contact Peter Reilly, Principal Associate:

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Innovation: HR as enabler or inhibitor?

11 May 2017, London

This workshop will look at whether organisations use HR Policies and practices to promote organisational innovation and thereby enhance organisational performance, or whether workplace innovation comes from other sources.

This event will be facilitated by Peter Reilly.

To find out more or book a place, please visit: http://www.employment-studies.co.uk/events

Talent management: responding to uncertainty

Wendy Hirsh, IES Principal Associate

In the face of uncertainty it is always tempting to throw in the towel on planning and hope that you can get by on a series of short-term responses to meet your needs. This applies to workforce planning and investment in skills just as much as to business planning itself. There is indeed a narrative, which has been ticking away for at least the past twenty years, that jobs will cease to exist and that employers will hire people for a task or a project as and when required (Bridges, 1994). Zero-hours contracts and the 'Uberisation' of service provision feel very much like this story coming to life.

And yet there is another narrative, just as prevalent, centred around the employee's continuing need for a more developmental employment relationship and a sense of community at work, giving the business a workforce of higher quality, engagement and commitment.

These different responses to uncertainty are being played out in the field of talent management as many large organisations seem to be reflecting on where they have got to and where they need to be going next. In this article, I share some of the trends in thinking and practice that we have been observing in the leading organisations we work with in our research and consulting in the field of talent management.

Throwing in the towel on talent management for groups of jobs and people key to business performance is not a risk CEOs are prepared to take any time soon (PwC, 2015; IED, 2014). However, there are some interesting changes to note in who is considered 'key' in this sense and what organisations are looking for in them.

Top leaders fit for change

Corporate talent management has focused heavily on managing succession and the talent pipeline for very senior leadership roles. This area of focus is still firmly on the agenda, especially in terms of facilitating access to broader career experience for those seen as having 'high potential' for general management. Breadth often means making career moves across functions, business streams and geographies. This is very difficult for people to achieve just by applying for vacant positions, as they lack what would normally be considered as necessary experience for their new area of work. Talent management essentially manipulates or at least influences internal labour markets to enable these more developmental, cross-boundary career moves to occur. Senior leadership and high-potential development programmes are also responding to uncertainty by placing increased emphasis on developing the emotional intelligence and resilience of current and future business leaders. Leading and motivating others through change is becoming one of the central aspects of leadership in all sectors.

Sustained career development for key skill groups

Research has, for some years, identified the need to re-balance this focus on talent management for senior leadership with increased corporate attention to selected, much larger groups of people and jobs, especially the pipelines for experienced and innovative professionals, core to the particular business. During 2016 we have seen some leading businesses shifting their talent management more decisively in this direction. This is driven both by fragile labour markets for experienced professionals right across the world and the extent to which such people are central to delivery of products and services in fast-changing markets. Going out to recruit highly skilled staff to seize new opportunities is simply too slow when everyone else is chasing the same kinds of people and others might get there first. Even growth through acquisition leads to the need to understand the professional talent that has been acquired so as to make best use of it.

This increased focus on key professionals exists in many different sectors, from scientists and engineers in technology-led businesses, to lawyers, accountants and consulting staff in professional services partnerships, and many specific areas of expertise in public and third sector organisations.

In concrete terms this re-balancing of focus shows itself in:

- Extended, structured development for *all* staff in key professional groups, well beyond the typical short period of induction or even a couple of years of early professional training. This blend of planned skill acquisition and a range of career experience gives a broader and more robust professional grounding. This can then be built on and deployed as specific business needs and personal interests change over time.

- Sustained positive attention to career development also seems to be a key factor in retaining professionals once they have several years' experience and so are becoming really attractive to other employers.

- Within these broader professional populations, ideas about 'high potential' are applied to talent management for potential world-class specialists as well as to spotting potential business leaders. Such key specialists are usually only needed in very small numbers, but they can make or break businesses that depend on innovation. Specialists have career paths more focused on depth in one function, but these days they often weave between jobs focused on their professional contribution and other roles with a higher managerial component. These mixed paths can continue to senior levels. Top experts these days may not carry large formal management responsibilities, but they are certainly not 'boffins' in any back room sense. They require highly developed influencing and coaching skills and broad business understanding to fulfil their demanding roles as leaders in key areas of expertise.

Some of the standard talent management tools, like the 9-box grid (of performance against potential) do not deal at all well with organisations needing both leadership and specialist potential. They tend to put specialists in a low-potential box which is both misleading and pretty insulting.

There are clearly deep uncertainties about how technology will change professional work over coming years. Some kinds of expertise will become ever more important. Other jobs seen in the past as requiring long training times may disappear altogether as professional expertise is built into computer systems. These specific changes will be played out sector by sector and occupation by occupation: an additional imperative to keep key skill groups front of mind.

Reaching further back down the talent pipeline

One might expect that in times of uncertainty, talent management would move to shorter time frames and faster responses. Indeed, short-term agility is part of the answer as advocated by Cappelli (2008) and others. But flexibility within the current workforce is only possible in practice if longer-term strategies have already got people there with the right kinds of attitudes, abilities and knowledge bases to be able to respond. So we see a paradox in which organisations are having to think and act longer term in order to be able to adjust more quickly to short-term shifts.

A stronger focus on key professional skills, as outlined above, is giving some businesses a more robust pool to draw on to meet changing business needs. It also enriches the future talent pipelines for leadership, as the same people move through their careers. Employers are actively looking for longer-term leadership abilities in their graduate recruitment strategies (Pollard et al, 2015) and not just for those individuals coming into 'high potential' entry schemes. In shortage labour markets, as in many STEM occupations, the interest in longer-term talent extends even further back into influencing the education system and forming relationships with potential recruits through work experience while they are studying.

Employers recruiting people for an uncertain future need to think about what the whole person might have to offer, in addition to their current skills and competencies. This more holistic approach considers attitudes, values, and especially how individuals learn from their experiences. 'Learning agility' was the buzzword for a while but is just one example of the search for people at all career stages who will be able to deal well with continuing change and ambiguity.

We see another example of talent management earlier in the pipeline in a renewed emphasis on serious development for all first line managers. This is often driven by finding that there are too many middle managers who have not learned how to manage people well at an earlier career stage. Indeed some may not even want to be managers. Companies that cut their first line management training to save money have been putting it back in again, albeit with blended learning methods rather than long off-the-job residential courses. The emphasis here is on getting the management basics right from the start, especially with regard to managing people.

Early exposure to managing others is also important in later career decisions. Many professionals who do not manage people in early career assume that becoming a manager means giving up their professional skills. They may even see it as some kind of punishment to be endured for a higher grade or salary. Those who are well supported in their early experiences of managing others might find that they have a flair for it and also that managerial and professional expertise often need to go hand in hand.

Diversity of thought

The current drivers of talent management are putting diversity centre stage in new and interesting ways. Seeking to increase diversity in terms of gender, ethnicity and other protected characteristics is now a familiar part of the talent management landscape. Much has been achieved but there is still a long way to go in generating top teams that reflect the make-up of the workforce, let alone of the customer base or society as a whole. Building diversity into resourcing and development practices at all levels in the organisation can gradually shift corporate culture as well as improving the metrics.

Diversity as part of talent management is, however, now reaching way beyond these familiar parameters. Age is of considerable relevance here. Uncertainty makes an ageing workforce dangerous as it may lack the vital inflow of new ideas and also cut off or block the flows of people who will in time be needed to replace future retirements. As a result of this, we see organisations turning more attention to the young.

But in uncertain times, recruitment, development and deployment need to respond to the shifting organisational context. Creating clones of the old guard clearly will not do.

> *'….. even the highest talent can be "in the groove" at one point in their career, but can soon be out of it again, simply because the business context has changed. Talent management is more than managing cadres of the anointed.'*
>
> (Sparrow, Hird and Balain, 2011)

So having a broader mix of types of people in talent pipelines at every level seems to be a good bet – akin to having a wider gene pool in ecological terms. Some organisations are looking to get greater 'diversity of thought' into their workforces. They see this as potentially coming from recruiting people of much more varied social and educational backgrounds than their current employees. For example, Standard Life is bringing in new ways of thinking through a work-experience programme for school leavers with few qualifications, most of whom are moving into permanent positions in the company. These entrants are very unlike the current workforce. As the company website says, for this scheme 'You don't need experience. Just talent.' This approach also brings the business a much-needed younger workforce, better matching their shifting customer base. The Civil Service continues to seek more diverse backgrounds in its long-established Fast Stream entry, but is also augmenting its talent pipeline by using a parallel apprenticeship intake in a similar bid to widen its social net.

Businesses operating internationally are increasingly interested in the potential of their employees in all countries. In the past, those working in locations remote from the corporate centre may have been actively talent managed locally, but were less likely to be picked up on the corporate radar. Integrating local and central talent management approaches gets more important as both markets and workforces grow in the more rapidly-developing economies far away from where many large organisations are still headquartered.

Backing intentions with practical support

So far so good it seems. It makes sense for talent management to become more dynamic and responsive and to pay attention to broader groups of high-skill employees – both professional and managerial - as well as to talent for the top.

Where organisations are extending their talent management to significantly larger proportions of the workforce, we can observe that they are having to back this with more support both from managers and HR in order to give:

- More in-depth and personalised feedback and career information and advice. Everyone is talking about 'career conversations' but relatively few employers really train their managers in career coaching, although some are now mainstreaming general coaching skills into management development. Few HR or L&D functions have dedicated career development or talent management staff, except for senior leadership populations or graduate/apprentice training schemes.

- Facilitated access to jobs/career moves and developmental work experiences (projects, secondments etc) on the basis of potential, and not just existing skills and prior experience. This is not necessarily about managed job moves, but does require a job-filling process and a management culture that builds development into resourcing decisions.
- Access to people and networks that provide political support as well as practical help with skill and career development, for example, through mentors and/or senior people in HR. If talent is not visible and connected in this way, it gets overlooked.

Achieving this even for limited parts of the workforce is quite a stretch, but for high-skill groups the business case is pretty clear. This is still, however, a very long way from implementing the widespread rhetoric about developing the potential of all employees: a much more inclusive approach to talent management. How far organisations are prepared to go in supporting career development for the whole workforce – as opposed to managing their performance and skilling them for their current jobs – will depend on: how they approach the design of work in uncertain times; the actual career opportunities they can offer; and the wider resourcing strategies and employment relationships they choose to pursue.

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More on this topic

Wendy has written extensively on talent management, including an IES HR Essentials paper, *Effective talent and succession management: A framework for thinking about your own approach*. The papers in the HR Essentials series are aimed at HR practitioners and can be downloaded for free from the IES website: http://www.employment-studies.co.uk/research-collections/hr-essentials-research-collection

If you would like to continue the discussion around the ideas raised in this chapter, or learn more about IES's work in this area, please contact Wendy Hirsh, Principal Associate:

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