

No silver bullet for total reward and engagement



In this issue

- 2 New reports
 - 3 A New Focus on HRM 'Thought Leadership' at IES
 - 4 New flexible membership package
- HR Events 2016

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In the context of ongoing austerity and real or relative pay freezes or cuts, many employers are considering whether the development and communication of a total reward strategy would provide an opportunity to build employee engagement. IES has just completed a review of the evidence for a link between total reward and engagement for NHS Employers. Our analysis suggests that, although the idea is alluring, the road to successfully building engagement through total reward is likely to be a rocky one.

Employers looking into the possibility should be aware of two underlying reasons for this. First, the complex and multi-faceted concepts of both total reward and engagement are broad and all-encompassing with many definitions in use. Furthermore, academics and practitioners tend to see the concepts differently to each other, and research from the two camps rarely addresses the same questions.

Second, and possibly because of the difficulties in defining both concepts, there is not enough rigorous, peer-reviewed evidence to draw sound conclusions on how reward might influence engagement in the workplace nor how this is linked to performance outcomes. So, whilst there is a decent amount of good-quality practitioner literature, there is precious little solid evidence to inform decisions, and practitioners may be tempted to rely on anecdotal evidence or rules of thumb in its absence.



Nonetheless we found that it is possible to draw some conclusions from the research that might help HR practitioners in discussion with reward teams who are keen to leverage engagement through reward if possible.

Whilst good and appropriate reward systems that contain both financial and non-financial elements can help to build employee engagement, these need to be very carefully considered, as the evidence suggests that badly designed or executed rewards can hinder engagement. Bearing that in mind, broader definitions of total reward (which would include a wide range of intrinsic and extrinsic financial and non-financial rewards) seem to be the most likely to have a significant positive impact on engagement. Where total reward is designed and communicated well, and employees report feeling 'totally rewarded', then

Continued from p1



higher levels of engagement and performance do seem likely to occur, particularly in care or customer service settings.

The evidence to date makes it clear to us that there is no total reward 'silver bullet' that will inevitably result in more engaged employees and higher work performance. The reward-engagement relationship is complex and very much situation-specific, with differences in employee demographics, historical approach to reward, labour market sector and many other factors impacting on what is likely to work in any given organisation.

This means that employers will have the best chance of improving their engagement levels through total reward strategy if they first begin with a very careful and deep investigation into the current organisational strategy, structure and culture. They should also consider what brings their employees to work in their organisation and what most motivates them. This will allow a flexible, segmented and variable total reward model to be constructed that meets the differing needs and aspirations of different groups of employees. This bespoke total reward model will then need to be integrated holistically with HR practices to deliver the most positive and sustainable impact across the organisation. Once this rocky road is traversed, the potential gains in employee engagement and performance will be in sight.

Download the report at
www.ieshrco.uk/rwdengmt

New reports



Presenteeism: A review of current thinking

Being at work while you are ill may not be such a bad thing after all, suggests our new report on 'Presenteeism'. The report challenges the idea that workers have to be 100 per cent fit before going back to work and argues that the workplace can have a beneficial effect on rehabilitation and recovery, even for workers with serious health conditions.

The report looks at research from across the world on the causes and impact of 'Presenteeism' – defined as 'showing up to work when one is ill'.

While the report acknowledges that Presenteeism can be a negative phenomenon (risking cross-infection and increasing the chances of making some health conditions worse) it also suggests that employers should look at its positive benefits too.

Thoughts for the day: IES Perspectives on HR 2016

We have published a collection of articles in response to current uncertainty and the tendency towards tactical cost and risk management that we are seeing. This compilation of bite-sized essays by leading thinkers confronts and expands on existing thinking, plans, and practices in HR and employment. It will help HR



leaders think about, plan for, and deal with 'known and unknown unknowns', challenging modern fads, reinforcing some long-standing truths and offering original and practical insights.

Investigating and improving the HR and OD capability in shared councils

IES undertook research for the Local Government Association looking into how to improve the contribution which HR and OD functions and policies make to the success of shared council partnerships. This report summarises the common findings and themes to emerge across the research visits and analysis of 10 council partnerships.

Creating longer, more fulfilling working lives

Employer practice in five European countries

This report is the culmination of research carried out by IES on behalf of the CIPD, investigating how employers can best manage an increasingly older workforce in the context of their health and wellbeing and care responsibilities. It is a comparative study covering five European countries: the Czech Republic, Denmark, France, Germany and the UK.



All IES papers and reports can be downloaded from
www.employment-studies.co.uk/publications

A New Focus on HRM 'Thought Leadership' at IES



Stephen Bevan

For managers and HR professionals, managing the resulting ambiguity is now a normal feature of their work. For those of us lucky enough to be conducting research in this field, it represents fertile ground for monitoring, analysing and commenting on trends; for capturing evidence about 'what works'; for highlighting and advising on innovation; and for forecasting what might come next.

As Head of HR Research Development, part of my returning role at IES is to be what might be called the 'grit in the oyster'. To prod, poke and interrogate the latest HR thinking and evidence and to come up with ideas and research themes which employers in all sectors and both in the UK and beyond will find both provocative and engaging. We'll also be seeking to bring together employers who would like to contribute to and participate in some of our new projects.

Over the next few months I will be working with my colleagues and our exceptional members, Associates and Honorary Fellows to highlight some of the most pressing and challenging gaps in the evidence and research questions that need to be addressed in the next decade. We will also be looking to collaborate with other research institutions where we have complementary strengths.

So what kinds of issues will we look into? Well, we are open to ideas, of course, but our initial thinking has

The challenges of managing people effectively are eternal and dynamic. Just when you think things have settled down, become comfortably predictable, or gone back to 'normal', something shows up to disrupt and surprise you. Too often the 'people management' consequences of these disruptions are poorly anticipated and managed. Culture, attitudes, skills, structures and organisational politics can all conspire to slow down or to sabotage our ability to adapt and change during periods of turbulence and uncertainty.

identified a number of early themes:

Performance Management

Most HR professionals seem to agree that so much is now expected of Performance Management that its chances of delivering anything meaningful or sustainable are virtually zero. We think more emphasis on the line manager role in coaching and monitoring performance, and less emphasis on rewards and punitive approaches may be interesting terrain to conduct some applied research.

Psychosocial Health at Work

IES already has an enviable record in the field of mental health, resilience and mindfulness in the workplace and we think that there is much more to be done to identify what makes for a psychologically-healthy workplaces and, most important, which interventions make the most difference.

Diversity Beyond Representation

We need to move past an approach to managing workforce diversity which just counts the proportion of women or other disadvantaged groups at certain job levels. We are interested in looking at how we can really understand how to close the gender pay gap, or challenge the stubborn unwritten rules of occupational segregation, or undermine the unconscious bias against those with so-called 'protected characteristics'.

'Liberation Technology'

Digital and mobile technology has already transformed many workplace practices and job roles. Yet this technology arguably does as much to constrain our options and autonomy as it does to open up new ways of working and enriching our working lives. We are interested in how the liberating potential of technology can be exploited more systematically and what cultural, managerial and organisational barriers need to be overcome to do this well.

Flexibility and Precariousness

When do precarious work contracts which offload the risks of employment from the employer become flexible employment contracts which suit the needs of the employee? With close to 'full' employment, why is the use of zero-hour contracts still growing? Clearly labour flexibility is more complex than it first seems – we are interested in this changing landscape.

These are very early thoughts, and there are many others in development, but my job is to gauge, through dialogue both inside and outside IES, which of these and other topics are the most engaging and urgent to address.

If you would like to get involved in this process, please get in touch with me. I'm looking forward to having many conversations over the next few months and to launching some new research initiatives both before and after the summer break. Please join in!

New flexible membership package

aroundIES



HRN Flex is a new way to get to know the IES HR Network – the professional membership that offers unrivalled support, research, consultancy and expertise.

Discover the benefits of the HR Network on a pay-as-you-go basis, as an introduction. Choose which events and consultancy or development services you need, and pay when you book them.

Purchasing through HRN Flex also comes with these core membership benefits:

- passworded access to our website, containing all IES research;
- priority access to our HR consultants and experts at the reduced member rates; plus
- advance emails about events and other news.

See our full range of member benefits and join at www.ieshr.co.uk/hrnflex
We look forward to welcoming you!

HR Events 2016

Gender pay gap reporting: important, undesirable or irrelevant?

09:30-12:30 Thursday, 21 July, 2016
London

This workshop will answer your questions about the new reporting requirement, covering: the legal context and what you actually have to report; the causes and solutions to the gender pay gap, nationally and for your organisation; a case study of equal pay auditing and reporting.

Annual Conference:

A fresh look at work and wellbeing

09:30-16:30 Thursday, 3 November, 2016

This conference will offer the chance to hear the most recent research evidence of 'what works'

To find out more or book a place on any event, visit www.ieshr.co.uk/events

in workplace health, how to make a business case for the resources to design and deliver a workplace health strategy, and examples from employers who have already delivered positive results.

Meaningfulness at work

09:30 – 12:30 Tuesday, 13 December, 2016, London

How can organisations help employees experience a sense that what they do from day-to-day is worthwhile and valuable, even if they work in a role that is removed from the coalface? And how does employees' sense of meaning connect with the purpose of their jobs and the nature of the organisation?

IES is currently working with a number of organisations to review their **reward strategies**, including some projects specifically exploring **equal pay issues**, an area of considerable interest and expertise within IES. This follows on from work we completed previously for the Equality and Human Rights Commission detailing the causes of gender, ethnicity and disability pay gaps.

We are working with a large employer to explore the application of **mindfulness interventions in the workplace**. Following a detailed review of the evidence for mindfulness interventions we will now pilot a workplace intervention and evaluate its impact.

IES has begun a study into **employee financial wellbeing** for the CIPD. Through a literature review and workshops, IES will support the CIPD in understanding the future pressure and challenges affecting employee financial wellbeing and both the case for employer support and the means by which it can be delivered.

We have continued to develop our relationship with MIND and have won two projects related to an evaluation of their **Workplace Wellbeing Index** for employers. MIND has engaged a number of organisations from a range of sectors to participate in the pilot of an employer tool which will examine a range of employer policies and practices in the form of documentation and other evidence. IES will work with them, following the integration of feedback and learning from the pilot, in order to review the surveys and support the further refinement of the tools.



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