



## Developing outstanding leadership

Penny Tamkin

**Increasingly we are understanding the important role leaders play in organisational performance; through various direct and indirect routes they affect those working in the organisation and ultimately the performance of the organisation as a whole. Recent research on management practices demonstrates a strong link between management practices and organisational productivity, and other studies exploring the impact of management and leadership from a host of different angles also point to the critical role played by managers in achieving productivity and performance improvements within high-performance work systems.**

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### Working together

IES provides a unique evidence-based consultancy service for clients in the private, public and voluntary sectors:

- Our experts can assist with facilitating new strategies linked to business needs.
- We provide rigorous and independent auditing, evaluation and diagnosis.
- We have extensive experience of designing practical policies and processes.
- We can help you build organisational capability and develop your HR people.

Whatever your professional and HR needs are, get in touch.

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A growing area of interest is the crucial role of the manager in motivating staff. A series of studies have found that employee attitudes both towards the job and towards the employer emerged as key factors associated with customer attitudes and, in turn, with business results. The line manager emerged as a key link in this chain.

However, these studies that demonstrate significant links between leaders, managers and performance are a world away from helping organisations understand how they can develop better management capability. They tell us that managers appear to be critically bound to organisational performance but they don't tell us how. Those models and approaches which purport to state how leaders should behave are rarely linked to performance outcomes. So on the one hand we have research which stresses the critical importance of leaders, but which is light on the detail of how leaders should act, and on the other we have a vast literature which tells us how leaders should behave but which does not tell us enough about why. A recent exception is the work on outstanding leadership<sup>1</sup> which has explored the ways in which leaders both think and behave that are

linked to exceptional performance. This large scale study has focused on those capabilities that differentiate exceptional leaders from good, and is the largest study of its kind in the UK. The detailed findings present a clear picture of how exceptional leaders think and act to create high performance in those around them and provide an optimistic view of the possibility of enhancing leadership skills through development.

Further pilot work undertaken by our development associates at The Work Foundation has shown that the qualities of outstanding leadership can be successfully developed. Through our collaborative network of associates we can bring these insights to organisations, working with them to assess and develop their own leadership capability.

**You can hear more about this work and its application at our open event on 28th July, or contact [penny.tamkin@employment-studies.co.uk](mailto:penny.tamkin@employment-studies.co.uk).**

<sup>1</sup>Tamkin P, Pearson G, Hirsh W, Constable S (2010), *Exceeding Expectations; the principles of outstanding leadership*, The Work Foundation, London

Peter Reilly & Tony Williams (Director of HR, global banking and markets at RBS) are about to publish their third book, this time focusing on global HR. Based on extensive practitioner interviews, *Global HR: Challenges Facing the Function*, looks at change, culture, branding, diversity & talent management in an international context, as well as considering global HR governance and service delivery models.



Peter Reilly speaking at a Wolters Kluwer conference in Warsaw in June, discussing his & Tony Williams' 2006 book 'Strategic HR: building the capability to deliver'.

## Making shared services work for you

Paul Fairhurst

**In the current economic climate sharing and partnering are obvious ways to reduce costs and maintain services. However, as our clients in local government and health have found out, this is easier said than done. The principal problem is one of governance of the shared activities. Understandably, councils and trusts are reluctant to give up sovereign power to a common body. Organisations, therefore, have to put processes in place that manage the inevitable tensions that will arise as the joint body is pulled in different directions. Even getting to this point needs resolve to overcome legal hurdles, to decide on what content to share, to extract work from the participating organisations and to make decisions over the form of staff employment (ie no change, secondment, transfer, etc).**

Our research on shared services and partnerships has supported our consultancy activity. For the NHS, we used a range of case studies to help health organisations better understand the options available to them for improving back office efficiency, and also what the critical success factors are in implementing shared services successfully. For local government clients we have developed a model and tools to support the decision making process for deciding to share professionals or entire support services. As well as sharing our insights with organisations we are also able to provide a structured approach to thinking through the issues involved and making an evidence based decision.

In practical terms this has meant working with Greater Manchester PCTs in their visioning and implementation of HR shared services and with a consortium of North Western councils on further collaboration beyond a joint payroll service.

**If you want to discuss these issues please contact [peter.reilly@employment-studies.co.uk](mailto:peter.reilly@employment-studies.co.uk) or [paul.fairhurst@employment-studies.co.uk](mailto:paul.fairhurst@employment-studies.co.uk)**

## Improving the talent pipeline for leaders in Plan – an international children's charity

Wendy Hirsh

**Plan is one of the oldest and largest children's development organisations in the world, working with nearly forty thousand communities in 48 developing countries across Africa, Asia and the Americas to promote child rights and lift millions of children out of poverty. It has its international headquarters in Woking and has fundraising organisations in many developed nations.**

IES is helping Plan to address its succession and talent management challenges worldwide. Each of the countries in which Plan operates requires a Country Director to lead its programme of work, with the Country Management Team. These are very demanding general management roles and difficult to fill when they fall vacant. Strong talent pipelines are also required for Regional Directors and a range of corporate leadership roles, functional management positions and development specialists.

In the first stage of this work Wendy Hirsh and Peter Reilly have interviewed a sample of leaders in Plan to gain a clear understanding of:

- where they need to focus their succession and talent management efforts;
- how the strategy of the organisation and the changing economic and political context are affecting the skill needs of their leaders;
- and how staff with leadership or specialist potential should be developed.

IES will shortly be facilitating a workshop at which more detailed proposals for implementing talent management will be produced with some of the key players in the organisation.

**Contact [wendy.hirsh@employment-studies.co.uk](mailto:wendy.hirsh@employment-studies.co.uk) for more information on succession and talent management.**

# The survey: finding out what people think

Dilys Robinson

**We are all bombarded with requests to find out what we think – about our holidays, our banks, our politics, our stay in hospital... The list is endless. People are suffering from survey fatigue, so why should we burden them further by asking for their views about their working lives? Probably because it remains the most effective method of enabling everyone, in confidence, to have a voice: it is much easier for people to give their opinions honestly via a questionnaire than face-to-face to someone who might have an influence on their career.**

At IES we have a long track record of finding out what people think of their working lives, and are currently working with two very different organisations. For one, we are conducting an online employee survey, the fourth that we have run for this client since 2002. As well as looking at trends over time across a range of standard indicators, we will assess employees' opinions of recent changes, and carry out our drivers analysis to see what is driving engagement for different employee groups. For the other organisation, we are managing the first comprehensive survey of an entire profession, which means that we will be able to explore why people have made certain career choices, how they spend their time, and what, in their view, are the main challenges to their profession.

**To find out more about employee surveys, the research we have done and can do, contact [dilys.robinson@employment-studies.co.uk](mailto:dilys.robinson@employment-studies.co.uk)**

## What does the Corporate Governance Code mean for your organisation?

Mary Mercer

Following some well-publicised organisational financial failures, the revised Corporate Governance Code for quoted companies was introduced by the Financial Reporting Council in 2010. The Code sets out principles relating to the role and effectiveness of boards and advises that "the board should undertake a formal and rigorous annual evaluation of its own performance and that of its committee and of individual directors". The Code also includes a new provision that "evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years". It stresses that achieving a high-performing board is "a challenge that should not be underrated" as "to run a corporate board successfully is extremely demanding", depending on factors such as good leadership by the chair and "the frankness and openness of mind with which issues are discussed". Whilst the Code is a requirement for the FTSE 350, it is both good practice and an investment in organisational performance for all boards to evaluate their performance on a regular basis whether they are in the private, public or voluntary sectors.

Building on our reputation for evaluation as an independent, objective, apolitical organisation, IES has developed a rigorous approach to assessing a board's level of compliance with the Code. In addition, we believe that beyond compliance there are higher levels of board performance

which are based more on the people and relationship issues, such as how effective board meetings are and what they focus on rather than just whether they happen or not. Our new suite of evaluation tools will allow organisations to choose what level of assessment and support they want to engage with to deliver the best business outcomes.

**If you would like to know more about the Code, or feel your organisation would benefit from using these tools or from a Board Effectiveness Assessment, please contact [mary.mercer@employment-studies.co.uk](mailto:mary.mercer@employment-studies.co.uk) or [paul.fairhurst@employment-studies.co.uk](mailto:paul.fairhurst@employment-studies.co.uk)**

## briefings

### Making performance management work for you

Using Member funded research on performance management as a launch pad, we are starting some action learning sets to explore together how we can make performance management more effective. This means balancing organisational and individual interests, combining the need for evaluative feedback with a developmental focus, getting managers and employees more engaged, etc.

*If you are interested in joining such a set please e-mail [peter.reilly@employment-studies.co.uk](mailto:peter.reilly@employment-studies.co.uk).*

### Neuroscience at work

The last few years have seen remarkable advances in the understanding of how the brain works – we now know that the brain is plastic and continues to change throughout our lives; it also shows how change really does hurt and make us less effective unless we learn how to manage our response to it. This recent (and emerging) understanding of how the brain works is essential knowledge that supports our Outstanding Leadership work (see p1), features in a new series of Knowledge Nibbles and is a central part of a high potential leadership programme that we have been helping to deliver.

*Please contact [paul.fairhurst@employment-studies.co.uk](mailto:paul.fairhurst@employment-studies.co.uk) for further information.*

## Board Effectiveness – The study

**In January 2009 IES was commissioned by the West Midlands Strategic Health Authority (SHA) to develop a methodology to study and evaluate a programme designed to address concerns about NHS boards' lack of attention to quality and clinical issues as opposed to financial and operational issues. We looked at what NHS boards do and how they engage with clinical issues. The resulting report, *From financial to clinical? Perceptions and conversations in NHS boardrooms*, published on 30 June 2011, contributes to knowledge more widely on what makes a board effective. The research focuses on outcomes. We looked at levels of clinical engagement among board members and the nature of dialogue between board members about clinical issues. In doing so, we developed a diagnostic process of detailed examinations of the way a board meeting works and how that influences conversations and decision-making.**



# Creating a rewarding future

Peter Reilly

aroundIES

All organisations have been trying to address employee engagement as a means to raise productivity and improve service delivery, but insufficient attention has been given, in our opinion, to the part that reward plays in the motivation of staff. What we know is that the salience of pay varies with employment group. The lowest paid need income for survival; the sales person may expect a bonus to reflect performance; and so on. But we also should recognise that reward is much more than pay. It includes such things as (flexible) benefits and non-financial recognition for one's contribution, as well as the intrinsic merits of the job itself or working towards the goals of the organisation (especially in voluntary sector organisations).



Adam Smith could be regarded as the father of total reward.

Moreover, we should acknowledge that context also has a big effect on attitudes to work and reward. The private sector is struggling to emerge from recession, but with some companies prospering and others merely surviving. Public sector organisations are not only facing cuts but also have restrictions on pay increases and erosion of benefits (especially pensions) to accommodate.

In this environment, organisations must think of how they respond to achieve new business goals, but carry their workforce with them and consider the role of reward in achieving this goal.

We have been working with a number of public sector organisations to develop these ideas. Some believe that the best response is through communicating total reward as encompassing the variety of reasons why people join an organisation, stay there, and remain motivated. This shifts the emphasis from cash to other features of the employer offer such as learning and development and

career opportunities that may well vary by gender, grade, occupation, etc.

Other organisations have been thinking about the nature of the employment 'deal'. In the new business context this may need to be readjusted. Not only will employees want to emphasise different aspects of the employment experience like job security, role content, workload and hours, but so will employers want more from staff – greater task flexibility, higher output or readiness to change. This can be captured via a statement of mutual rights and responsibilities that specifies such things as, on the employee side, the right to be trained for one's role; to voice one's opinion and be heard; to have effort acknowledged. On the employer side, this would specify the requirement on individuals to tackle new work areas, accept constraints on expenditure, and to work with others to solve problems.

A productive way forward is thus to ask employees about the nature of the employment relationship – its plus and minus points, and their hopes for the future. Management can be similarly asked what their future expectations of staff might be. A statement of the mutual deal can then be drafted before testing with key stakeholders.

**Should you want to discuss these ideas, please contact [peter.reilly@employment-studies.co.uk](mailto:peter.reilly@employment-studies.co.uk).**



IES, Brighton

## Have you considered the IES HR Network?

The IES HR Network combines membership of a select community with access to up-to-the-minute research carried out by one of the UK's foremost employment research institutes. Corporate membership is only open to those organisations that will both gain from membership and also contribute to the collective success of the community.

Whether you are under pressure to achieve even more with fewer resources, or seeking to create an HR function that really adds value, the combination of the knowledge from research and the insights from the shared community will provide a stimulating, solid base on which to build. This network of leading-edge professionals has exclusive seminars and conferences, access to IES experts, involvement in shared research and a members-only knowledge base.

To find out more go to:

**[www.employment-studies.co.uk/network/](http://www.employment-studies.co.uk/network/)**



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## About the institute

IES, a not-for-profit organisation, is the UK's leading independent centre of research and consultancy in employment policy and HR practice. We contribute to corporate strategy and performance, through research and evidence-based consultancy commissioned by individual employers. IES is also commissioned by government departments, agencies and other bodies to research and advise on the effectiveness and development of public employment policy. Our expertise is available to all organisations through research, consultancy, publications and the Internet.