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IES Annual Review of the
HR Year Ahead 2011

from restructuring to rebuilding

Institute for Employment Studies

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- building, leveraging and sharing the evidence-base

- independence, objectivity and rigour

- considering the whole people system not just the individual parts

- delivering practical, sustainable business benefits

- building our clients' capabilities rather than their dependence.

Contents

Introduction

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way.

Charles Dickens, A Tale of Two Cities

For those of us in private and third sector organisations over the past three years, and the public sector more recently, the environment of recession and severe spending cuts has produced a lot of winter and possibly some despair, even some managerial foolishness, and often not much spring and light. However, as we at IES have been pulling together our now traditional annual publication, reviewing the HR and OD events and experiences of the past 12 months and trying to crystal-ball the uncertain year ahead, we have surprised ourselves with our positivity and optimism, and even on occasions been forced to agree with the wisdom of President Obama's chief of staff, whose advice was *'don't waste a good crisis'*.

Just as UK GDP growth is currently ahead of most of the pundit's forecasts, so in our research and consulting work we have found lots of examples of organisations which have highly prioritised employee engagement and the people management agenda, often in difficult and challenging circumstances. In one of the case studies in our *Learning from Recession* research, more than three-quarters of staff agreed that their employer had managed their downsizing well and that their external image had actually been improved.

But it is indeed tough times. Many organisations have recently restructured and downsized, and their employees have seen pay freezes and redundancies. Yet employers are becoming increasingly worried about employee morale and retention as the economy recovers, and just how they are going to continue to improve their levels of performance and deliver that near mythical equation of 'more for less'. It is a really tough balance to pull off.

This year, therefore, we have organised our articles and thought-pieces into two parts. In the first, we consider the recent experiences and research on restructuring organisations and the critical role of leadership in doing this successfully.

- Sharon Varney and Duncan Brown present two different perspectives on what makes for success in restructuring: Duncan on the 'what' and the 'how' of a more people-focused approach, and Sharon on the importance of focusing on the transition itself in an increasingly complex and unpredictable world.

- Valerie Garrow describes a more emergent and democratic approach to managing and achieving change, presenting a model based on large-scale, rapid change in society and as posited in social movement theory, which involves connecting with and inspiring large numbers of employees.

- Peter Reilly then considers the outcomes of restructuring HR functions themselves, answering the difficult question he sets himself of, 'HR, who am I?' by illustrating a series of value-adding roles for HR in a contemporary context and calling for greater clarity in our purpose and service delivery models.

- Leadership is obviously critical to successful reorganisation and change delivery, and we conclude this change section with two pieces. First, Penny Tamkin contrasts the rhetoric of empowerment and more open management styles with the reality of declining levels of work autonomy in UK organisations. Her evidence clearly shows that the outstanding leaders buck this disempowerment trend.

- Mary Mercer then considers the barriers to selecting and engaging more women in leadership positions, another aspect of leadership characterised by much 'hot air' and very limited outcomes. Mary's work shows that even with the best of intentions and policies, cultures and systems can still serve to defeat women's progress.

In the second half of the publication, we consider more specific ways in which organisations are rebuilding morale and performance in their workforce as they emerge from recession and cost cutting.

- Dilys Robinson, who leads our work on employee engagement, illustrates from our wealth of research work in this field how important it is to securing support for and facilitating change in an organisation, and how greater levels of employee engagement can be achieved. Effective communications and engaging management styles are particularly important when difficult changes are required.

- Paul Fairhurst and Linda Miller then look at how trends in learning and development, and changes in technology, have opened up opportunities to develop and benefit from online networks or communities. They set out the 'do's' and 'don'ts' of using online social media as an effective learning tool.

- Mary Mercer and Catherine Chubb consider performance management trends and issues, the subject of a new IES research project. They profile the major re-structuring and re-design activity that has gone on in this field over recent years as the pressures to perform have intensified, and they describe the current trends towards simplification and building line manager commitment and competence to address the evident implementation issues.

- Wendy Hirsh then asks what the effects of recession have been and where we are going with our talent management processes. As she describes, the 'lavish sweet shop' of talent development programmes is generally no more, and organisations need to be more creative, as well as realistic, in developing and retaining their best people in the current climate. Wendy sees simpler and more integrated processes as the way forward.

- Finally, Ben Hicks and Alison Carter look at how team coaching is emerging as an effective means of reinforcing performance improvement, and provide guidance on successfully utilising this technique.

So we hope that this publication at least gives you some hope and belief, and hopefully also lots of useful ideas and examples to power you successfully through 2011, and if not exactly reaching the pearly gates, at least avoiding the other place.

And may we at IES all sincerely wish that you and your employer and employees experience the best of times in 2011. But of course, do give IES a call if you need any additional infusions of our belief and wisdom!

Duncan Brown
IES, January 2011
www.ieshr.co.uk

Re-structuring and organisation re-design: a case of the sorcerer's apprentice?

Duncan Brown, Director of HR Business Development

Change, change, change

Whatever the sector and size of organisation you work for, the chances are that you will have witnessed a significant restructuring exercise over the past three years, a rate of re-organisation double that at the start of this decade. Be it decentralising, delayering, downsizing, or all three together, the recession and now public sector cuts have significantly raised the already accelerating pace of change in organisational forms. According to McKinsey, 'the centrepiece of corporate strategy should become the re-design of their organisations'. The noun of organisation is being replaced by the verb of near continuous re-organising, and employers and we in HR need to be good at it.

Bad, bad, bad

The trouble is, most of the research suggests we are not good at it, not good at it at all. Be it the appalling rate of failures evident in many studies of mergers and acquisitions in pursuit of those near-mythical 'synergies'; or the similar record of mismanagement, overspend and missed deadlines and budgets on major systems implementation, outsourcing, partnering and process re-engineering exercises; the typical UK plc and public sector bodies' performance appraisal on reorganising would rate an unambiguous E minus.

And that's even before we get onto the damaging effect of redundancies on the human capital of those affected and the 'survivor syndrome' evident amongst those remaining. 'The consequences of the change have knocked the organisation back by at least two years and we won't even deliver the intended cost savings' one CEO confided to me recently. Two-thirds of HR directors in a recent consultancy study felt

that the cost cutting and restructuring activity they had undertaken had damaged employee engagement and jeopardised their organisation's prospects of benefiting from economic recovery.

They are probably right. De Meuse, for example, found that three years after the announcement of redundancies, the firms he studied had lower profit margins and poorer returns on assets.

When it doesn't work what do we do? We re-organise again, putting hope before experience in a hamster-wheel cycle of near continual reorganisation and disruption. Buchanan and colleagues spoke to managers in 92 organisations about their restructuring experiences. Their overall conclusion was 'very mixed results, lousy process'. They found major failings in leadership, project management and control and an inability to learn from experience. As well as survivor syndrome, the negative effects on people included initiative fatigue, broken career ladders and widespread disengagement.

'The deadline was tight … decisions were rushed through without time to think and fine tune or involve people', was how one HR director reflected on the process in another recent research study.

This sense of frenetic pace, at times of panic, of change designed and driven by a small vanguard of senior executives and supposed 'experts', forcing change down the organisation, emerges from many contemporary accounts and experiences of the process. And it doesn't seem to be any more successful the second or third time of trying. Should HR set up a stability management support unit perhaps?

Organisation and HR leaders should at least be a little more modest in their ambitions for restructuring if they take on board this particular history lesson, even if the ever-greater demands of owners and ministers will inevitably mean that the pressures to achieve 'more with less' will continue to intensify.

In the learning-obsessed confines of IES at least, and despite our own cuts-induced restructuring, we've excavated the time and space to reflect on many of these research studies, as well our own recent experiences and the projects we have been working on over the past year – in producing a learning site of change-related resources to help local authorities to restructure successfully in the wake of their major funding cuts; in studying and facilitating large-scale change exercises within the NHS; in considering how social media might be used to facilitate effective change in organisations; in developing people management and organisation design principles for a number of clients; in researching the learning points from responses to the downturn amongst a range of major employers such as Jaguar Land Rover and KPMG.

And the good news is that however difficult it may be, well-led and implemented restructuring really can deliver significant organisational and performance gains, and we have found numerous individual cases to demonstrate that. In one of the

employers in our *Learning from the Downturn* research, major cost, working-time and pay reductions were negotiated and implemented in a remarkably short space of time. Now, as sales are recovering dramatically, powered by a still fully engaged workforce, 85 per cent of staff believe the way the company managed the cost reduction programme was fair and has enhanced their corporate employment brand.

So what have we learnt that can help you to avoid or escape from this sorcerer's apprentice pattern of organisational change and restructuring, that you can adopt in support of your New Year's resolution in 2011 to be a better person and a better reorganiser? We have drawn out one big lesson and three key ideas in support of re-organisations, which really can deliver sustained and enhanced employer performance, and HR and OD professionals' demonstrable contribution to it.

People, people, people

The big 'Aha' is that re-organisation is not simply a mechanical re-drawing of lines and numbers on a chart, but by nature, a people-intensive process that generally now involves the simultaneous three 'Rs' of restructuring, rightsizing and redeployment, and even some recruitment too. More than 40 per cent of reorganisations have an explicit objective of cultural change to deliver the desired improvements, and the other 60 per cent should do so.

Lancaster University's Paul Sparrow argues convincingly that we need to bring together and better integrate the 'hardware' side of organisation design – the layers, the functions, the numbers and spans, the 'what' of change – with the 'software' of organisation development, of diagnosing and shifting cultures, building capability, capacity and commitment, the 'how' of OD.

So hardly surprising then that the good news for those of us in HR is that this sorry re-structuring record is generally based on a failure to prioritise and to manage effectively this second, people dimension of change. A Harvard University study, for example, found that the more and earlier that HR professionals were involved in the mergers and acquisitions process, pushing this people agenda in the faces of the corporate financiers and lawyers, then the much greater the chances of those acquisitions delivering on their long-term objectives. Where HR was simply called in late to fire, fire-fight and try to pick up the pieces, then the re-structuring was already almost certainly doomed to fail.

Professor Richard Whittington's major study of more than 500 public, private and third sector organisations similarly found that, reflecting on their experiences, more than two-thirds of participants would in future pay far more attention to the people dimensions of change – training project staff, considering the effects of the changes on reward structures, talent management and overwhelmingly to communicate more with employees. The local authority chief executives and HR directors we spoke to made exactly the same points.

But what do this more successful minority do – and what can you do – to differentiate yourself from the majority of unsuccessful re-structurings? Here are IES's three top tips.

Get a vision

Balancing the time for sufficient planning and preparation with an appropriate pace of actually making the restructuring changes, in today's resource and time-constrained contexts, was a key concern for all of the local authority chief executives we spoke to. Many of them agreed with one who felt 'we could have been bolder and upped the pace of change'. But only on the basis of a clear direction and plan to deliver it, in which the people and OD aspects were an integral part of a wider change process.

Whittington's study developed a 'flexible roadmap' to follow through three phases of: constructing the vision and pathway; consulting, communicating and connecting in the project managing phase; and implementation and review in the third phase. IES's work for local authorities sets out a seven-step change process, from scenario planning and context-analysis, through planning and preparing programmes, to implementation, evaluation and reviewing, repeating and renewal.

Cancer Research UK has been remarkably successful throughout the economic downturn. But the new five-year business strategy is setting a still higher performance bar and involves some major restructuring activity, including a headquarters relocation and plans for moving their London-based scientists into a new consortium as part of the UK Centre for Medical Research and Innovation. The people strategy that Executive Director of HR Elizabeth Sideris has been developing with her team, to enact and deliver those corporate goals, therefore has the theme of building organisational effectiveness at its heart. Core principles include developing a better balance of greater corporate cohesion and unit autonomy, improved innovation and flexibility and more efficient processes and systems.

At Buckinghamshire County Council, delivering improved services to residents, rather than simple cost reduction, has been at the heart of its ambitious and wide-ranging Achieving Outstanding Performance transformation programme. This incorporates six work strands, including organisation redesign and new ways of working. In implementing the programme, two organisation layers have been removed, spans of control have been doubled, and more than £2 million worth of savings generated so far.

Involve, lead, involve

The biggest influence on how people behave in an organisation is not how people are rewarded or trained, or what the leadership says, but what leaders actually do. Hence continuing to build and strengthen more collaborative leadership styles at Cancer

Research UK is a key deliverable from their people and OD strategy, in pursuit of a more flexible and innovative organisation, and higher levels of employee engagement.

Buckinghamshire, Chorley and all the other successful councils we reviewed started their re-structuring exercises at the top. The new chief executive at the former reduced the numbers of senior managers from 15 to 10 and removed two layers of management, before moving on to implement business process changes across the whole of the council. Though total staffing fell by more than 100 FTEs, staff engagement levels went up and absenteeism fell. Similarly in Hackney, the most improved London Council in 2009 with improved service levels and £60 million of savings delivered in the prior five years, staff satisfaction levels rose during the change process.

And that was because those leaders recognised the realities of succeeding in our knowledge and service-based economy and consumer culture, which is that high performance comes not from chief executives dictating and 'pushing' staff to act, but from the discretionary commitment of those staff to actually want to deliver the corporate vision. Employee involvement is the single factor that has the greatest impact on the success of change and re-structuring exercise. Yet the natural reaction when taking tough decisions and making difficult changes is precisely the opposite: to shut the office door, work secretly on downsizing initiatives and then to implement them and hope everyone forgets about it as quickly as possible and life can get back to normal. It doesn't.

Whittington's research nicely profiles the current state of employee involvement during re-organisations. Nine out of ten employers are communicating more down to staff about the 'what' and 'why' of restructuring. But fewer than one-third consulted with employees over the re-designs and changes in advance. The successful executives not only did involve employees, in consultation forums, in round-tables, on working parties, but will do so even more in the future. While recognising that 'you cannot take everyone with you' and that 'you need to set out the non-negiotiables', the overwhelming learning for chief executives and HR directors we have consulted with in the past year was that you *have* to make time to genuinely consult, involve and listen to people: 'you simple have to take the people with you', as one put it.

At KPMG the severe impact of the recession at the end of 2008 led the HR department to develop their Flexible Futures programme. Can you cut costs in an employee-oriented way that preserves levels of employee engagement? The *Sunday Times best large employer to work for* clearly felt you could. Under the programme, staff were invited to volunteer for one of two working time and pay reduction options. Over 85 per cent of staff including partners did so, approximately 200 jobs were saved as a result, and the business is now far better placed to benefit as the economy slowly returns to growth.

Learn, adapt, learn

Capturing the learning from others' and your own experiences with re-structuring – what worked out, what didn't, what went well, what didn't and why – emerges from all the research studies as a key differentiator to explain successful re-structuring. Based on his research in the UK public sector, Vergne characterises two approaches to restructuring: a programmatic change model, managed from the top, emphasising structure and systems and rigidly sticking to the pre- and often externally-determined plan; and an adaptive change model, encouraging participation and 'bottom up' decision making, focusing on attitudes and behaviours and involving experimentation and evolving changes. The latter was found to be far more successful in today's turbulent times.

In fact, IES's research into the re-structuring of HR functions themselves draws very similar conclusions: success bears no relation to the structural form that is adopted but depends on the capabilities and behaviours of the HR staff themselves in pursuing the desired deliverables. And HR staff need to build their own capabilities in organisation design, restructuring and change management, for as Whittington found in his research, 'in the career ladder, typical operational HR doesn't seem to provide the competencies required'.

Organisation design and development is one of the ten areas in the CIPD's new competency map for the profession. Across the wider management population, the Institute of Government identifies skills in generating efficiencies, complex project management and reorganisation and change as being critical to develop across government, and the same is true in the private and third sectors. Integrating and focusing leadership development investment across the organisation is a key element of Cancer Research UK's people strategy to create the more innovative and flexible organisation that it aims for.

So the CEOs and HR directors in our research emphasised the need to 'spend to save', investing in building capabilities in scenario planning, project management, engaging management styles and so on, in order to give the subsequent re-structuring a much greater chance of success. By all means use external consultants to bring in their knowledge and experiences from other similar exercises. But beware of taking on board a fixed, generic 'solution' or 'guaranteed' cost savings from them, when the research clearly shows that tailoring change to your own unique situation and developing an 'invented here' mindset amongst as many of your managers and employees as possible is critical to success.

The great re-structuring balancing act

Re-structuring is not easy in any situation, and in an uncertain economic environment, the continuing cost and possible job reductions facing many of our organisations make

it even more difficult. A little more recognition of this and modesty in our change ambitions might actually improve our success rate on its own. Even if you can break out of the repetitive, going nowhere cycle of re-organisation, balancing those buckets is hard.

Jay Galbraith has thought about, researched and advised on more organisation re-designs than you and I will ever do. We found a number of organisations successfully employing his Star model to help to plan their changes, taking account of the inter-connected dimensions of strategy, structure, people, processes and rewards.

Galbraith regards organisation design as a process, and success requires there to be 'a constantly evolving balancing act' between environmental demands and developments, and the decisions and actions of managers and employees in the organisation. By setting a clear path and vision, but then fully involving and engaging our staff behind it, and learning and evolving as we go, we will be in much better shape to deliver on the stretching strategic goals and external demands that most of our organisations are facing over the next twelve months.

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The website on re-organisation which IES developed for the IDeA, including 10 original case studies, is available at: http://www.idea.gov.uk/idk/core/page.do?pageId=15770039

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Restructuring and transitioning in a complex world

Sharon Varney, IES Associate Consultant

A 2009 global survey of economic conditions by McKinsey found that nearly half of the companies surveyed had restructured in response to the global economic turmoil, but that only 41 per cent of those say that doing so had been very or extremely effective in helping their companies weather the crisis.

As the public sector in the UK embarks on significant, perhaps unprecedented levels of restructuring, there is a great deal hanging on the successful outcomes of those endeavours. This paper suggests that we might need to reframe our understanding of 'structure' and refocus our restructuring efforts in order to take account of the inevitable complexity of organisational life.

Complex behaviour

But why is organisational life inevitably complex? There is a level of complex behaviour that has little to do with the nature of the work, or the systems and processes that surround it. It arises simply from the everyday interactions of people working together and is due, at least in part, to the nature of relationships – the connections and interdependencies – between people.

> '*In a human system,* **connectivity and interdependence** *means that a decision or action by any individual (group, organisation, institution, or human system) may affect related individuals and systems. That effect will not have equal or uniform impact, and will vary with the 'state' of each related individual and system, at the time. The 'state' of an individual or a system will include its history and its constitution, which in turn will include its organisation and structure.*'

> Eve Mitleton-Kelly (2003) – my emphasis

Importantly, in a complex system, the size and nature of the effort does not directly relate to the size or nature of the effect. Rather, as explained in the quote above, it depends more on the **internal state of the individual, or the system**. As a result, large change efforts can fail and, what is perhaps less well understood, small changes can accumulate and produce much larger, often unintended, effects. The global financial crisis is a prime example of that phenomenon. With restructuring, risks arise from both those scenarios.

Reframing structure

McKinsey's well-known 7S framework positions 'structure' as one of seven inter-connected facets of organisational effectiveness. Similarly, the Burke-Litwin model highlights it as one of 12 interrelated variables impacting organisational performance and change. Restructuring then is not just an issue of cost management; even if that is the primary driver. Models such as these help us to recognise that structure change can impact on other key aspects of organisational performance and effectiveness.

But what if it was more complex than that? What if it was much more complex?

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Looking behind the organisation chart, we might understand structure rather differently. The underlying organisation structure does not simply include the formal and explicit connections that can be depicted by an organogram; even though they might be important. It includes a multitude of other connections and interdepend-

encies, which are often less formal and less visible, but which might be equally or *even more important* to the effective functioning of the organisation and its performance.

But are organisations really like that? The figures below, taken from current research on organisational change, highlight the contrast between the formal organogram and a depiction of informal structure by way of a network diagram that highlights how people connect when they are seeking to influence change. Some of the people represented by the boxes in Figure 1a are also represented in Figure 1b by the highly connected red 'nodes'; but not all. Conversely, some of the people who play a vital role in connecting the network in Figure 1b do not appear on the top-level organisation chart. Without them, however, the network is less densely connected, which might impact the flow of communication and influence.

Figure 1: Formal and informal structure

1a   **1b**

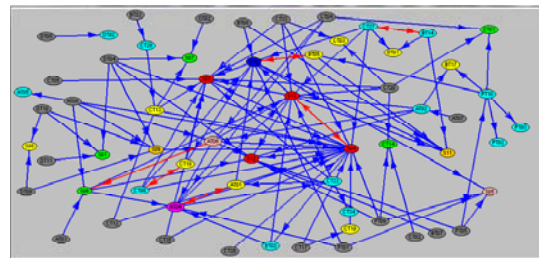### Formal structure   ### Informal structure
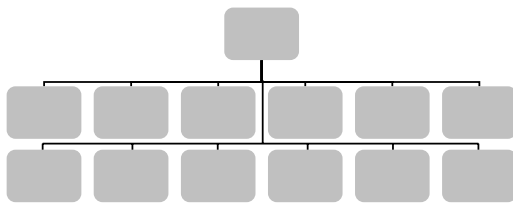
- Simple – few people, clear connections
- Highlights roles with authority
- Stable, until changed
- Centrally designed and planned

- Complex – many people, many connections
- Highlights people with influence
- Dynamic and continually evolving
- Decentralised and emergent

Even Figure 1b, though it highlights a more complex web of connections, is still a gross simplification of the totality of connections and interdependencies that make up the underlying structure of organisation. It says nothing about the quality of the relationships between people. Nor does it reflect the continually evolving nature of the informal structure as people join, leave, change roles, share personal stories on a course, fight for resources or simply fall out. This look behind the formal organisation chart helps to reveal something of the informal nature of organisation; encouraging

us to reframe our understanding of 'structure' as being both formal (planned) and informal (emergent[1]).

Refocusing restructuring

So, if we understand organisation structure as including *both* formal *and* informal interdependencies, then we might need to think quite differently about restructuring.

In changing the formal structure to reduce headcount, for example, we might be able to predict the impact on direct costs and to achieve those cost savings. What we cannot predict, however, is how those changes to the formal structure might impact on the informal structure. Nor can we predict the consequences in relation to other organisational dynamics (such as those highlighted by McKinsey's 7S or the Burke-Litwin model) which collectively impact organisational effectiveness.

So what can we do?

Pay attention to transition

One important thing we can do it to pay attention to transition. According to Bill Bridges (2008): 'it isn't the changes that do you in, it's the transitions'. Transition is a psychological process whereby people let go of the old and pass through what Bridges calls the neutral zone 'when the critical psychological realignments and repatternings take place' (p.5), before new beginnings can take hold.

With our reframed understanding of structure, we realise that real restructuring is not the formal change to the new structure itself; it is what happens in that neutral zone, as new alignments and patterns are created in the informal structure. Importantly, the process of transition is likely to take place *after* the formal change.

When organisations restructure we usually find that a great deal of effort is put in up front; in planning, designing, communicating and managing the vital HR processes to support the move to a new structure. But how much management attention is paid to then supporting transition, once that new structure is in place?

How much focus do we place on recognising endings and the emotional losses that people can and do feel when familiar ways of working change, when colleagues leave, or when teams break up? Or do we prefer not to acknowledge those feelings and just focus on the positives? How much do we support people through the difficult neutral zone – which requires us to metaphorically let go of one trapeze (the old ways of working) and take a leap of faith towards one of the, as yet untried, new ways? How

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[1]   Although the informal structure is emergent in its totality, it includes the deliberate actions of individuals to make connections and build relationships and alliances that they believe are important.

well do we support people in developing new identities and relationships within the new formal structure? Is there really the same amount of effort paid to transition? If this is left to line managers, how well-equipped do we think they might be to do this kind of work?

The important point here is that **those of us involved in restructuring need to care just as much about transition as we do to making the change to the new structure**. Without it, we might well achieve the direct cost savings we were looking for, only to find that indirect costs rise as people find ways to create an informal structure that looks and feels more like the old structure and ways of working.

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Enabling rapid and large-scale change through social movement

Dr Valerie Garrow, IES Associate Consultant

Rapid *and* large-scale change?

Over the past year IES has been involved in several projects relating to both large-scale and rapid change. The sudden nature of the financial crisis has meant that organisations across all sectors have had to re-evaluate at speed how they deliver products and services while retaining the customer/patient/citizen-centred approach that has characterised the times of plenty, and that people have come to expect.

Large-scale change and rapid spread have become the holy grail for consultants and OD practitioners but they might seem initially to be incompatible. A rapid spread methodology, for example, can be used when there is clear evidence that a particular change has worked elsewhere, perhaps through a pilot, or that there is best practice with proven customer or service user benefits. As the name suggests, it is designed to roll out change in a quick but sustainable way through ongoing monitoring and impact assessment.

Large-scale change, meanwhile, is long-term and transformational, potentially with benefits not fully known for several years. It is emergent and complex, involving multiple changes across structures, processes and behaviours. There is an ongoing challenge to engage people with the future vision so that it does not seem remote. This often means setting clear milestones with shorter cycles of change of 30, 60 or 90 days, which provide a focus for action and a gradual broadening of stakeholder involvement.
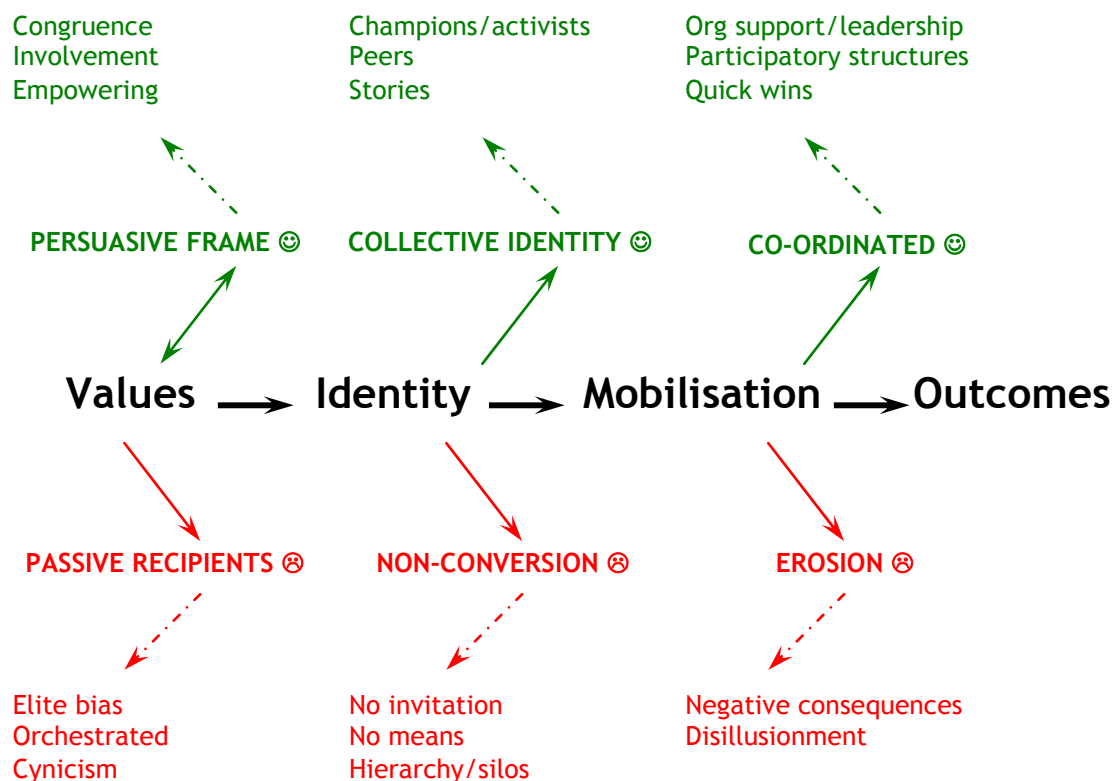
Speed and scale may, nevertheless, still be achievable. As Sharon Varney points out in her article in this publication, *Restructuring in a Complex World,* the size of the effort does not necessarily predict the amount (or the speed) of change; seemingly small changes and interactions can have a large impact while large change efforts often fail.

What can we learn from social movements?

Inevitably, there has been pressure to find ways to deliver large-scale change at a rapid pace, which has sparked interest in social movement theory. It is clear in this networked age that new ideas and trends can spread very quickly indeed. But even without today's technology, social movements have been responsible for some of the defining moments in history where popular revolutions have overturned totalitarian ideologies, challenged repression and discrimination, and championed civil rights. They are traditionally, however, oppositional and emergent and it is not fully understood whether social movements can be 'orchestrated' in organisations in the same way.

There are some pointers, however, as to what might engage employees in change programmes, and also some of the pitfalls to avoid (the literature is summarised in the diagram below). At IES we have been reflecting on our learning on such changes, and highlight a four-stage approach to using social movement to achieve rather than frustrate change.

Achieving change through a social movement

Congruence
Involvement
Empowering

Champions/activists
Peers
Stories

Org support/leadership
Participatory structures
Quick wins

PERSUASIVE FRAME ☺   COLLECTIVE IDENTITY ☺   CO-ORDINATED ☺

Values ⟶ Identity ⟶ Mobilisation ⟶ Outcomes

PASSIVE RECIPIENTS ☹   NON-CONVERSION ☹   EROSION ☹

Elite bias
Orchestrated
Cynicism

No invitation
No means
Hierarchy/silos

Negative consequences
Disillusionment

Source: IES

Tapping into values

Social movement theory challenges purely rational models of planned change, and suggests that people identify with a cause when it resonates with their own values, ideologies and experiences. A *persuasive frame* is one that taps into people's own beliefs and values at an emotional level, so that they want to get involved.

Benford and Snow describe 'framing' as 'meaning construction'. Messages about organisational change are most effective when people are involved in shaping them through their own stories and experiences, so that the language feels personal and they feel 'empowered' to take action. In complex or large-scale change, this means identifying multiple groups of stakeholders and framing messages that will resonate with their various needs and values.

pitfall: orchestration

Typically, however, 'top down' organisational messages leave employees as passive recipients of a vision they do not feel part of. Organisational attempts to create social movement may appear too 'orchestrated', with little genuine room for involvement, leading to cynicism rather than engagement.

Developing collective identity

To become a real social movement, people have to begin to develop a shared identity around a set of values. Through the 'framing' of the message, individuals discover a common understanding about the need for change and the action they need to take.

Dolan *et al.* suggest that peer effects are very strong in influencing behaviour change. Social norms can develop and spread rapidly in a form of 'contagious behaviour'. In other cases, peer groups simply reinforce the status quo unless there are 'activists' or 'change champions' who are influential and with whom people identify. The important 'sense-making' conversations between staff tend to be outside the formal organisational structures and meetings. It is in the staff rooms and canteens that 'grass roots' champions can influence the way people behave in response to change.

pitfall: non-conversion

There is a danger that, although people are engaged by the message, they are not converted to 'the cause', either because they are not invited or given an opportunity to contribute, or they feel they do not have the authority to make change happen. There has to be a clear way forward to convert goodwill into action. Dolan *et al.* suggest that people tend to work on a 'default' setting and 'go with the flow of pre-set options' in the absence of making an active choice. This implies that initially staff may need a clear invitation as well as an empowering message, to get started with small but quick wins.

Mobilisation

Developing a collective identity is not in itself sufficient to ensure mobilisation. No matter how favourably disposed people are to change, they require a degree of practical organisation and co-ordination to become effective, as well as participatory structures and networks to keep them involved. They also need to see some quick wins to build confidence and further momentum for change.

IES research highlights involvement as a key driver of employee engagement, and social movements are seen to be more successful where people have a say in the direction and strategy.

⚠ pitfall: erosion

The problem with social movements is that the emotion that propels them forwards can dissipate with the same rapidity. Support erodes quickly when people experience negative consequences from taking part, or do not start to see any early benefit. IES's psychological contract research highlights the consequences of broken promises and unmet expectations. As we move from the rational into the emotional sphere of effecting change, there is a danger that activists experience disillusionment when goals are not met and lack of trust if senior managers are not seen to role-model the behaviours or share some of the pain. The high workload and stress experienced during periods of change can also take their toll on enthusiasm in the absence of quick wins. If cynicism is allowed to set in, future organisational change efforts will be even more difficult to get off the ground.

Sustaining a social movement

While social movement provides some of the 'grass roots' passion and momentum for change, it does not replace the need for good change management and leadership but it does require an appropriate style of both.

- The initial emotional connection with values and vision must be supported by good organisation, co-ordination and communication so that employee energy is harnessed and maintained in a productive way. Social movements are both spontaneous *and* organised, involving hearts *and* minds.

- Employees should be genuinely involved (not just in a token way) particularly in decisions that affect the way they work. Their customer knowledge and experience is also an important contribution to driving improvement and efficiency.

- Leaders need to feel comfortable with ambiguity and emergence. Social movements can and do take on a life of their own and, once unleashed, are not always easily controlled. Emergent change requires a clear shift from a command and control leadership style to a more facilitative role, which inspires a vision of the destination but does not micromanage the route.

In large-scale change there are multiple stakeholders, sometimes across systems as well as in systems embedded within systems. Some of the current challenges facing the public sector, for example, are likely to be resolved through partnerships across organisational systems, sectors and geographical boundaries. Careful mapping of stakeholders and 'framing' of messages in a 'win-win' way for each stakeholder group is an important challenge in building support.

Careful how you go

While our diagram above represents social movement in a linear fashion, we know that organisational change can be extremely messy and, in complexity terms, subject to multiple feedback systems from both inside and outside the organisation. Much as the weather is unpredictable in the longer term, large-scale change programmes evolve over a lengthy period, at times achieving rapid progress, at other times stalling and taking a different course. Complexity theorists suggest that organisations operating 'far from equilibrium' or 'at the edge of chaos' can be extremely creative and innovative, but it requires leadership with a light touch that is mindful of the whole system and keeps people involved, connected and inspired.

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Re-structuring HR functions: a new model for HR?

Peter Reilly, Director, HR Research and Consultancy

Introduction

Thinking in the UK has long been dominated by the work of Dave Ulrich. He has given his name to the 'three-legged stool' model of HR business partners, central technical experts and service centres; designed a number of HR competency frameworks; and offered a role statement for the function, all of which have been incredibly influential across UK employers in all sectors.

However, it is high time we critically reassessed his contribution and defined a fresh path for HR. In line with his work, we will look at functional role, structure and people.

HR's role: who am I?

The existential crisis that periodically besets HR people is evidence of a lack of certainty in the purpose of the function. Some practitioners would shout 'boring' at this comment because they have long established in their organisation clarity on what the function does and what value it adds. However, in many other organisations the fact that HR is outsourced, downsized or simply marginalised, suggests that HR leaders have not made a convincing case on the role HR performs.

Part of the difficulty, it seems to us, is that when working well, HR plays a number of roles and contributes to organisational success in a number of different ways.

The servant

Dominating HR's role specification is its service contribution. Rightly, HR is concerned to deliver a good quality of service to customers and to satisfy their needs. It is a truism to say that HR has to get the basics right – paying people correctly, recruiting efficiently, responding quickly to queries – before it has permission to advise on higher-level matters. Yet, regrettably, many HR teams struggle, often because they are using poorly-designed processes, and/or technology that does not work as it should. Moreover, not all HR staff are as customer-aware as they ought to be, stuck in 'producer' not 'consumer' mindset.

But assuming these difficulties can be overcome, there is a more fundamental problem with a service-centric approach: HR can get trapped into a situation where it simply delivers what the customer demands, without objection. This orientation, as we shall see, can conflict with other roles HR should be playing, and it leaves HR in the position of being more dispensable, as it is merely a 'support' not a critical business function.

The facilitator

Another role HR is playing in the more sophisticated organisations is to be a facilitator to the line. Given its justified desire for managers to take their people management responsibilities more seriously, HR can help the process by cajoling, helping and nudging them in that direction. The difficulty HR often faces in discharging this role is the absence of good quality people data (and the ability to properly analyse that data). This should come in the form of accurate and meaningful statistics on areas such as absence, wastage, employee engagement, broken down into appropriate employment groups.

But it should also come in the form of good intelligence on workforce issues – the impediments to productivity, the sources of discontent, the reasons why staff stay and leave. If the inhibition on getting quality people data is poor recording (by managers or HR) this needs to be tackled with more vigour than it will be if it is characterised as an 'IT problem'. As to workforce intelligence, this can only be obtained by HR staff getting out more, talking and listening to staff, and not relying only on employee surveys. Whilst HR might understandably not want to be Ulrich's employee 'champion' or 'advocate', they do need to know what is going on and feed that back to management colleagues.

Moreover, operating in the context of an individualist and unitarist organisational philosophy means that the collective employee dimension often gets neglected. Everything apparently can be dealt with by direct communication and consultation with staff. Whilst there is much virtue in such an approach, it suggests that there is no space for an employee 'voice', except where well-functioning trade unions are

present. So when – as has become more common in our climate of economic uncertainty and public spending cuts – employee relations problems do arise, then the organisation may well be unaccustomed to dealing with them.

Organisations (see Chubb and Reilly, 2010) do generally seem to have managed their way through this last recession better and with a more people-oriented approach than in prior ones, but there is still a risk of collective unrest, especially in the public sector. The assumption that employment will always be on the employers' terms, that recruitment and socialisation will have created an 'on-message' culture and uniformly happy staff, may prove to be naïve. And HR may not be equipped to respond to any negative reaction and potential conflict.

The challenger

Closely related to facilitation is challenge. HR can help managers find the right solutions to problems by guiding them in the right direction or supporting them with evidence, but is it not also justifiable for HR to step in and object to poor people management? After all, we would not find it acceptable if a manager damaged an expensive piece of equipment. Similarly, they should respect the value of human talent, and be challenged if their actions are damaging that asset. HR's role as challenger, champion of good people management, and conscience of the organisation is therefore becoming a more important one as the more standardised service functions of the function are more widely and successfully realised. IES's study on the customers' views of HR found both leaders and employees regarding this independent role of HR as a vital part of the function's contribution and value added.

The governor

This leads to the final HR role, that of governance. This has become more important of late, what with some of the causes of the recession lying in how financial services organisations were managed and rewarded, and the various organisational and financial scandals. For a while, HR has in some organisations claimed the position of guardian of its values. This may sound a little too ethereal, especially now where the governance role embraces risk, culture and adherence to regulation. It is about ensuring that decision-making processes result in the right sort of outcomes, and that in turn requires the right sort of leadership capability. Increasingly, there is a requirement to make these processes more transparent, as in remuneration committees, and subject to audit. HR has a vital role in developing the process architecture, management development systems and culture building to ensure that the organisation is on the right track.

The HR service delivery model

The default service delivery model large, complex organisations are using, comprises centres of expertise, shared service centres and business partners, held together by a small contact centre. Whilst this has brought benefits in cost reduction (through economies of scale) and allegedly more focus on strategic issues, it has not been without its faults.

Firstly, HR has chosen for reasons of expense and preference to limit direct involvement in important operational activities like recruitment and training. It is for the line manager to conduct the former (if it is not outsourced) and a third party (or an electronic link) to deliver the latter. However, this compounds the problem described above, that HR does not 'do' enough together with managers and does not have enough contact with staff.

Secondly, HR has made some very large assumptions about devolving HR and people management responsibilities to line managers, that they will willingly take on and be able to perform certain tasks previously done by HR. But the function has not done enough to help this process to work. It must improve the manager self service technology, reduce (not increase) the amount of 'bureaucratic' processes it leaves behind, mean what it says by 'manager empowerment', do far more to build management capability, and back it with up with sufficient resource and support of the right kind, that is tailored to need and delivered in a format that suits the manager, not HR.

Thirdly, HR has often taken a very narrow view of the value of service. It has looked only at functional costs and ignored true productivity. Thus HR has not thought about the time taken in end-to-end processes involving themselves and line managers. If it did so, it might not be so sanguine about the effectiveness of its operating model. Some organisations have plotted the time taken to complete processes ,and the results have shocked them into radical solutions, including getting managers to phone information into the HR team to complete online!

In places there may be an acceptance that work volumes are being driven by 'failure demand' caused by a failure to satisfy the customer in the first place, thereby leading to extra work. There has also been the accusation that demand has been created by the provision of a contact centre service – that customers have called for information or advice that in the past they would not have bothered to ask for. (The NHS helpline has had the same claims made against it.) HR is not measuring whether it is solving genuine problems, rather it is counting the number of calls received. This may lead to the misallocation of resources, despatching too many staff to deal with the flood of enquiries.

Finally, there are the very well rehearsed difficulties with boundary management, communication and knowledge sharing in the three-legged stool model. The danger

is that the organisation is presented with a very un-joined-up service, support and organisational contribution. Outsourcing parts of the function or hiving them off into some sort of back office ghetto, will only make things worse. Line managers, who should be part of an integrated people management approach, are instead faced with a confusing and irritating complexity of who to deal with on what.

The HR workforce

The question of business partners (itself an increasingly controversial title after some very mixed research results on the effectiveness with which the role is being performed) could have been raised under each of the headings of this article. Thinking about the various roles involved under a capability banner makes the point that, although there are issues with role specification, inter-relationships and their relationship with clients through the prevailing service delivery model, in the end you have to have the people to execute the job. As Jim Collins expressed it, you have to get the right people onto the bus first even before you decide where it needs to go.

The obsession with HR being a strategic role, when this is a difficult term to pin down and agree on with management colleagues, obscures the need for a chameleon-type person in the business partner role who can adjust to the specific challenges of a particular business unit and its leadership. This might mean concentrating on coaching as much as business planning, on being a corporate enforcer as much as a capability builder, focusing on operational advice as much as OD. You need sensitive and adaptable people to be able to tune into the business needs and construct the right response.

Similarly, whilst positional authority (by being on boards/executive management teams) is helpful, it is not sufficient. It has to be combined with the key requirement of having the right people with the right skills in the function. They will find ways to influence, even if they are not formally sitting on the right decision making bodies.

The capability challenge also applies to HR experts and administrators. For experts, the challenge is still about getting the balance right between having a 'good practice' policy and one that is appropriate to specific organisational circumstances. In global companies this is being played out by trying to find the most appropriate balance of a corporate imperative for standardisation to drive down costs, but combined with a sensitivity to local needs and necessary variations. This suggests you need people comfortable with matrix working, with all its ambiguities and politics.

As to 'administrative experts' as Ulrich rightly called them, again too little effort has gone into role definition, development needs, retention strategies and motivational mechanisms. They do an important, but frequently disparaged, job. They require assistance in adjusting to the impact of technological innovation, but also handling the complexity of organisational life, having to both delight the customer but also be efficient in so doing. If the customer becomes more sophisticated so too does HR and

this might lead to paying more and getting higher calibre staff into some of these roles, who can do more than read from a pre-prepared script by interpreting policy in a helpful way. We are seeing in-house functions and external outsourced providers developing trouble-shooting and face-to-face response teams alongside of their traditional phone and email responding colleagues.

The way ahead for HR

If HR does not get its purpose clear and its service delivery model right, it may find a new role as the organisational undertaker, with the prime function of being there to bury the bodies. In a worst case scenario, HR is cut off from the big decisions: its involvement in change management is simply to carry out the orders of others, be it in downsizing, outsourcing or partnering. This in a worst case scenario can mean taking all the employee and trade union flak over redundancies and the dilution of terms and conditions without being party to the decisions over organisational form and structure. There is nothing wrong with HR being the TUPE expert or providing a severance ready-reckoner in difficult situations, but it is not enough. If it is not careful, HR may find itself outsourced with all the other 'back office' functions as a purely administrative, low value-added activity.

So HR must invest in its own capability as the surest way to gain influence in the organisation. Roles, structures and models are important, but we need to counter the sort of feedback that CIPD garnered:

> *'We conducted research into graduate perceptions of HR in late 2009 and it highlighted that the three words most associated with HR were "dull", "bureaucratic" and "repetitive".'*
>
> Georgina Kvassay, HR strategy adviser at the CIPD

HR should be seen as central to the organisational purpose, offering interesting and exciting work at the heart of the organisation. We can improve the message we send out, but we need to upskill the messenger too.

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The emperor's clothes: the case of the disappearing empowering leader

Penny Tamkin, Associate Director

Dispersed, empowering leadership?

Leadership today is meant to be dispersed. It is a reflection of fundamental shifts in the nature of work: 'With the shift to team-based knowledge work comes the need to question traditional models of leadership' (Pearce, 2004). It was Peter Drucker who first coined the term knowledge worker in recognition of a shift in the pattern of work towards work characterised by use of information, creativity and autonomy. Compared to their manual peers, knowledge workers make decisions rather than physical items and work with ideas rather than with objects. Of necessity their work requires the ability to think and act and initiate and create[2] and therefore a change in the nature of leadership required.

Alongside a shift in the kinds of work that people is a social shift pushing in the same direction:

> *'We are seeing traditional and hierarchical modes of leadership yielding to a different way of working – one based on teamwork and community, one that seeks to involve others in decision-making, one strongly based in ethical and caring behaviour.*

(Spears, 2004)

Spears suggests that the leader's role is principally to encourage growth in others, and emerges from those whose primary motivation is a deep desire to help and serve others (including employees, customers and community) as the number one priority.

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[2]   www.referenceforbusiness.com/management/Int-Loc/Knowledge-Workers.html

As a result there has been a increasing tendency to understand leadership as something that spreads beyond the leader him or herself, to a more collective, devolved and dispersed leadership. However, trying to pin down what this means is rather difficult. Whilst the business press still focus on individual leaders, others have widened interest to the top team (*eg* Hambrick and Mason, 1984; Eisenhardt, 1989) and some have gone much further and argued for a leadership devolved through the organisation. Raelin for instance develops the concept of 'leaderful practice' suggesting that whereas leadership has traditionally been thought of as serial, individual, controlling, and dispassionate, leaderful organisations see leadership as concurrent, collective, collaborative, and compassionate. Ireland and Hitt also argue that we need to move from one to the many; from the 'Great Leader' view of Strategic Leadership to the 'Great Groups' view as a more appropriate concept of strategic leadership in the 21st century.

Somewhere in the middle of this current debate is a rather longer-lived interest in empowering leadership that encourages the leader to be transformative and create an empowering environment where everyone can find meaning in their work (*eg* Bennis and Nanus, 1985). The general tone of research has been highly supportive of empowering leadership, with many studies showing positive effects on creativity, performance and organisational outcomes such as culture and team spirit.

The rationale for empowerment is much the same as for more devolved forms of leadership – globalisation means that compliance is not enough, competitive edge comes from employee engagement and discretionary effort. Knowledge workers need to be allowed to use all the initiative and capability that they possess. Leaders are valued for their ability to catalyse exceptional performance from others. Modern leaders no longer need those traditional masculine traits of drive, decision making and authority, but more feminine characteristics of being able to make connections, empower others and engender trust.

So empowerment is good for organisations but what is more, it is also good for employees. Deci and Ryan have argued that autonomy is a natural human state and a fundamental need irrespective of geographical or cultural boundaries. They have found that those employees receiving autonomous support were more satisfied and performed better. The ILO has found that low autonomy is not just associated with stress but with the incidence of musculo-skeletal disorders.

The decline in autonomy

The overriding tone of the literature has been that more democratic forms of leadership bring considerable benefits to individuals and organisations as well as being clearly represented as management and leadership best practice. We might expect therefore that this has become the dominant model, particularly post-recession as employers seek to maximise competitiveness. But the problem is that other evidence

just doesn't support this idea of empowering leaders. Despite beliefs that modern workplaces require empowered workforces, an uncomfortably high proportion of employees are disenchanted with their work (some 27 per cent claim they have been unfairly treated), or disempowered. According to the UK Skills Survey, over the 1990s there was a decline of around 14 per cent in the proportion of employees who felt they had great influence over how they did their work. The decline was evident across all sectors:

Task discretion by Sector, 1992 to 2006
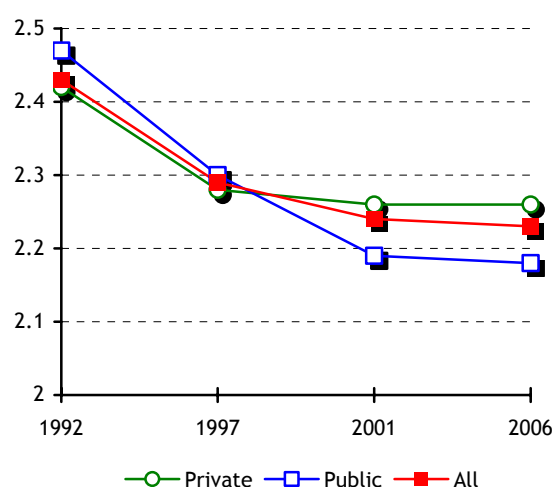
Source: Skills Survey, 2006

What is more, this seems to be a rather British phenomenon. For example, Eurofound report that over 'the past 10 years, workers in the Netherlands increasingly report more decision-making power in their work. This is important for an economy in recession and where workers face greater work demands. It makes work more interesting, creates a healthier work environment, and provides opportunities for skills and intellectual development'. So, over the same period in which the UK showed such a decline in autonomy, the Netherlands were reporting a steady increase, and the explanation given for the Netherlands is the rise in knowledge work, that we might have expected to drive a similar rise in the UK.

Yet in the UK there is no evidence that the recession has reversed the downward trend in autonomy, or that leaders see increasing employee autonomy as a means of responding to difficult times and engaging all employees to improve performance:

Trends in quality of work
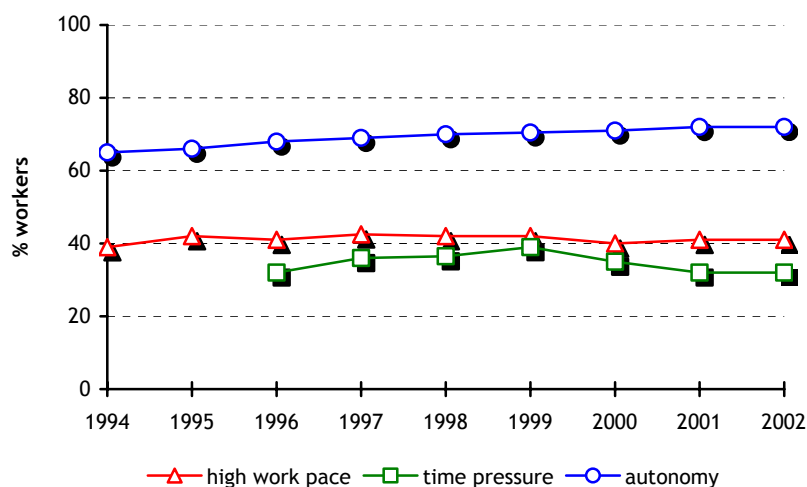
Source: Living Conditions Survey, CBS – www.cbs.nl

The result is that the reality for workers seems to be of a much less autonomous working life than the rhetoric of management thinkers. The challenge then is to understand why managers and leaders may be behaving in ways that drive down autonomy whilst so much evidence shows it to be a good thing. A decline in levels of trust at work might be one such driver and certainly there have been many examples of behaviour likely to drive down employees' trust in their organisation. Tales of greed, corporate scandals, short-termism, the ravages of global competition, unethical behaviour of leaders abound.[3] As trust is a mutual construct, maybe employees' lack of faith in their leaders means they are less likely to exhibit all those characteristics that make empowerment possible – engagement, integrity, loyalty *etc.* it may be that the quid pro quo has pushed the other way.

With a disillusioned workforce and facing performance pressures, managers may respond by imposing more control. The result is a downward spiral of diminishing trust and autonomy. It is also plausible that other HRM trends have worked against our desire for empowerment – the growth in performance management and the general preoccupation with poor performers drives metrics and targets and monitoring and evaluation – a forensic preoccupation that rips out empowerment before it can take root. It may not be a coincidence that the steep decline in UK public sector autonomy coincided with the implementation of a target driven culture.

Real empowering leadership

So is empowerment impossible in a cynical, transactional world? Some organisations do seem to put great effort into bucking the trend: Standard Chartered Bank, in the

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3   http://www.ddiworld.com/pdf/ddi_trustmonograph_mg.pdf

thick of a highly competitive industry has used its analytical work to understand the link between management performance, team engagement and business performance.[4] They are not alone in finding that employee engagement translates into business performance and staff retention, and that employee engagement is driven by the line manager (see for example previous IES work on engagement).

As a result the bank now has an approach to people management which is uniquely employee centric:

- 'Know me' (understand an employee and what motivates them)

- 'Focus me' (ensure employees are clear what they're supposed to do)

- 'Care about me' (help employees overcome obstacles and be there for them)

- 'Inspire me' (use storytelling and shared experiences).

Furthermore, some recent and rigorous research on outstanding leadership (Tamkin *et al.*, 2010) has also shown that the highest performing leaders in some of the UK's top companies understand the power of empowerment. These are leaders who have no desire to control; who actively seek to devolve power, influence, initiative at every opportunity because that frees them to focus on the long term, to build capability in their organisations and lay the groundwork for trusting, meaningful relationship.

This research shows that the best leaders buck the disempowerment trend; whereas average or even good leaders focus on targets and performance, outstanding leaders focus on people, understanding that great people will drive great performance. What's more, current work in the social care sector is showing very similar outcomes (Pearson, *et al.*).

Empowering leaders and autonomous employees makes sense but like many things that make sense it doesn't always happen. In this case, good really is the enemy of great. It is not just that bad leaders disempower people – even good leaders think that empowerment is desirable – but they don't place the same emphasis and attention on it and unwittingly, they can deliver the opposite for their staff. IES is working with a number of organisations to take practical steps to build more outstanding leaders who really do deliver on the rhetoric of empowering their teams.

It is not enough for organisations to have lots of good leaders. Their customers and their employees **need outstanding leaders, and UK plc needs them too**.

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Women in leadership: time to intervene?

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Background

Despite long-standing anti-discrimination legislation in the US, UK and across Europe, women still remain under-represented at senior level in most organisations. During these uncertain times, many organisations are restructuring, and senior leadership teams are being forced to make important decisions about the future direction of their organisation. The evidence suggests it is important to have a diverse senior management team that is truly representative of employees' and customers' interests. This would mean that not only women, but other under-represented minority groups, should be encouraged and supported to aspire to a position of leadership. The stereotype of white, middle-class, middle-aged men holding the most senior positions is pervasive, very often with justification.

IES has worked with several organisations that realise the importance of a diverse senior team, and are attempting to address inequality at this level. Here we discuss what barriers are stopping women from getting to the top, whether HR systems and processes are inadvertently discriminatory, and what actions organisations should take.

Work life balance

In a report for a management institute, we interviewed a number of women in positions of leadership across the globe about barriers they faced throughout their careers. The salient personal barrier that all 12 interviewed women discussed was that of maintaining a healthy work-life balance. The women talked in great depth about the conflict they had to overcome when balancing their career progression alongside their family duties, and about the need to constantly monitor and manage this delicate equilibrium. While this is an obstacle that all senior managers must face,

it was more challenging for career women due to the added belief that they should also be primarily responsible for managing family life and childcare.

Other client work yielded similar findings. During a study for a UK energy company, two-thirds of the senior women we surveyed agreed that their career had affected their private life, compared to less than a quarter of the men. In another study, looking at how coaching can help to encourage women into senior positions, many of the women we interviewed spoke of the sacrifices they were forced to make either in terms of their career or their family life, due to the negative attitudes of society or their organisation.

Flexible working and impact on career prospects

One way to try to achieve work-life balance is through a form of flexible working. The majority of women involved in IES's client work emphasised that they have benefited from flexible working arrangements. These have allowed them to manage the conflicting demands of their career alongside their family responsibilities. However, flexible working can be a double-edged sword. In a report examining flexible working for a consultancy client, many interviewees felt that senior managers were more likely to identify with, and therefore promote, employees who outwardly displayed similar working characteristics to their own. They were more likely to regard employees who often stayed late in the office (and were more visible to them) as harder workers and so more eligible for promotion. Therefore, those working flexible hours or working from home (in the majority of cases women) were less likely to be seen around the office and so could be viewed as not so dedicated to the job.

This has been borne out in other work that IES has done. Work looking at the outcomes from performance management for clients has consistently found that those with flexible working patterns are less likely to get the top performance grades in the performance management system. Negative attitudes and beliefs involve stereotypes that focus on: assumptions about lack of policy- and strategy-related ability required for promotion success; assumptions about poor reliability associated with flexible working arrangements; and assumptions about women's career expectations and desire for promotion. Also worrying, is that each additional contractual hour per week worked increases the odds of being in the 'above average' (for performance) group, by a factor of 1.043 – hence full-time staff receive better average performance marks than part-time.

These findings are despite other studies finding that managers anecdotally rate their flexible workers more highly than more traditionally-working colleagues. IES recently carried out a survey of organisations for the Top Employers for Working Families awards. Those who were able to provide a response found, on average, that while 16 per cent of staff got the top performance category in 2009, only 12 per cent of flexible workers did. Fewer than half of the respondents were able to tell us the outcomes, suggesting a lack of measurement and attention to the issue, which has

significant implications for the promotion prospects and even equal pay (where performance bonuses are attached to the performance review outcome).

Female characteristics

Many women in senior positions spoke to us about having had to assert themselves at work, especially in male-dominated industries, in order to progress. However, they commented that assertive behaviour is sometimes viewed unfavourably and seen as aggression when demonstrated by women, which places them in something of a 'double bind': if they are unassertive they do not gain any development, but if they are assertive then they are perceived negatively, which hampers their progression to the top. In one study, the majority of women said they understood the need to adopt more masculine characteristics on occasions, but were keen to stress that women should not lose their femininity. Women, they felt, need to work in cohesion with men at the top levels of the organisation to combine both feminine qualities with male qualities for the most beneficial decisions to be made. Recent work within the NHS has tried maximise the benefits of such 'female qualities' to the organisation, by training nurse executives (both female and male) to make more impact at board level in order to give greater prominence to quality of care and patient safety.

Development opportunities

Many of the women we interviewed acknowledged that senior managers needed to be aware of cultural differences, particularly when working within global organisations, as they are frequently in contact with people from different countries. While many senior women were fortunate enough to have gained employment abroad and so were accustomed to other cultures, this was not always the case. Other research from IES has shown that women are less likely than men to be offered the types of development opportunities abroad that are viewed as necessary to support progression into higher levels of management and board positions. Where development opportunities have happened, they have often been sought out or created by the women themselves.

For those who work flexibly, the opportunities to take part in career-enhancing training might be limited. The Top Employers for Working Families survey found that around half (54 per cent) of respondents to the survey ensure that part-time or flexible workers do not have to change their usual working hours to participate in training, which means that 46 per cent do not make this provision. This leaves flexible workers either unable to access training or incurring costs to cover any caring responsibilities they have. Only 34 per cent of organisations told us that they will cover care costs (such as childcare) for flexible workers required to attend training outside of their usual working hours.

Board level aspirations

Although the women encountered by IES during the course of these different client investigations have been universally personally driven, ambitious and motivated, a common finding is that not all senior women wish to aspire to the top level in their organisations. Those who do not have board level aspirations usually give reasons linked to their own personal goals or their perceptions of the likely impact that the role would have upon their home life. In a study for a private sector company, while women used words such as 'energising' and 'empowering' when envisaging a position at board level, words like 'isolation,' 'vulnerability,' and 'insecurity' were also used. Of those women wishing to aspire to board level, a number felt that this would not be achievable without a move to another company or sector.

Conclusion

The organisations that commissioned IES to carry out investigations into the progression of women to senior positions did so because they believed there was a business need for diversity at senior management and board level. Commentary around the banking crisis has also suggested that having more senior women in post might have tempered behaviour that contributed to the crisis. However, the studies show that, even when intentions are good and apparently underpinned by best-practice HR policies, organisations often have systems, processes and cultures that inadvertently inhibit the advancement of women and people from other minority groups. In particular, flexible working. – which has enabled many women to stay working when otherwise they would not be able to – has contributed to the struggles that women have to get to senior levels, and has led many to think that flexible working is 'career suicide'. Flexible workers in organisations that continue to measure performance through input rather than output (even subconsciously) have to choose therefore between their flexible working pattern and their career prospects, ultimately to the detriment of their employer as well as themselves.

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Engaging for change

Dilys Robinson, Principal Research Fellow

Continuing economic uncertainty, together with deep budget cuts in most of the public sector following the Comprehensive Spending Review, mean that almost every organisation in the UK is undergoing major change. Redundancies, closures, restructuring, market withdrawals, rebranding, revised service delivery models – these have all become the norm rather than the exception. A lot is already being asked of employees by way of wage restraint, recruitment freezes, reduced hours, no overtime and bans on using agency workers.

All of this is taking place against a backdrop of rapidly changing environments in today's workplaces, which have brought with them a more transactional approach to the relationship between employer and employee that has led many employees to question the meaning of work (Cartwright and Holmes, 2006). How can organisations carry their employees through major change that might require even greater sacrifices than those already made?

The engaged workforce is receptive to change

The evidence, both research and anecdotal, suggests that employees who are engaged with their organisations are more likely to be open to change and to work to make it succeed. High levels of employee engagement therefore assist in the successful implementation of organisational change and in enabling organisational agility in companies forced to adapt to the changing market (Graen, 2008). Cambridgeshire County Council (cited in a Scottish Executive publication, 2007) found that their engagement improvement initiatives led to time savings when introducing new policies and implementing change, due to increased employee receptivity. IES's own research bears this out, as illustrated by the following quotations. The first is from one of the managers participating in our 'Engaging Manager' study (Robinson and Hayday, 2009). The second is from a senior manager,

talking about the link between engagement of the individual to the line manager, and willingness to co-operate with major change.

'My team actually overall welcomes change and enjoys change, so things that might be bad news to other people is actually quite new and exciting to them.'

'He's been through two structural changes this year with his whole management team. … So he has had to deliver both the organisational changes, the big picture and then the detail of those affected by that change. … He's very good on a one-to-one basis, and if the loyalty and the commitment from you to him is there, so the emotional engagement that he wants is there, then he's excellent at dealing with those things.'

Communication

Without effective communication, change is unlikely to be successful. Levinson (2007) suggests that organisational cultures in which there is a collaborative leadership style (*ie* everyone is a stakeholder and can participate in all aspects of the business) drives engagement. Most organisations can competently construct the 'corporate message', which sets out why change is needed, what it will be and when it will occur. Corporate messages, however, lack the personal touch. Our 'Engaging Manager' research illustrated repeatedly that a key skill of effective managers is interpreting the message so that it has relevance for, and involves, the team:

'They know that they will not get a load of company blurb just because that is the right thing to say.'

'I tend to tell it direct, and I think I try and relate it in terms of what it means to them as individuals. We tend to communicate in business context here, so this is not personal, it's the business that's changing. And to be honest, people fundamentally just say, what does that mean to me as an individual? So I try and articulate what it means to them as individuals.'

'Often that piece of news will come from her senior manager first, so I think she's very good at airing what she thinks her concerns will be for her team and putting those into place, putting some responses into place before she goes into a briefing of that nature.'

Communication, however, needs to be two-way. Employees must be given the time and the opportunity to ask questions, raise concerns and, once the message has been taken on board, suggest ways of implementing the change. Formal and open two-way communication, such as giving opportunities for upwards feedback without fear of repercussions, and consulting employees in decision-making processes, helps to instil a sense of ownership over the outcomes – even though these outcomes may not necessarily be beneficial.

'… we delivered the message, went away and then came back a couple of hours later so that people, who had thought of questions that they hadn't thought of at that immediate time, could then express them … it's just allowing the dialogue.'

Good communication is valued highly by employees, evidenced by the fact that the top two effective managerial behaviours in our research were 'communicates, makes clear what's expected' and 'listens, values and involves the team' – and number two in the disengaging behaviours list was 'fails to listen and communicate'.

Honesty and openness

Good managers, according to our research, are honest and open with their teams, and this behaviour is much appreciated by employees. If people trust both their manager and the senior team, change will be much easier to communicate and implement. Employees are very good at spotting if they are being deceived, or if information is being held back from them unnecessarily. The engaging managers in our research believed in being straight with their teams, always within the context of business needs.

'And I said to them, it isn't going to change: that's the bottom line; that's what it is …. You've just got to be honest, and you've just got to be straightforward, and you've got to just say.'

'I think honesty is the only way to do it. There's no point in trying to sugar-coat things. Honesty, factual, and try and let people understand the circumstances around any decision that's been made.'

'I try to be as honest as I can all the time, so if there's a possibility that bad news might emerge, it's never going to come as a surprise to anyone.'

'There's nothing worse than people getting things third or fourth hand or through the grapevine/rumour mill.'

Doing the homework

Communicating about change to employees needs careful preparation, particularly in large organisations with multiple sites and activities. People are unlikely to engage with change if the manager who delivers the news to them respects them so little that he or she has not bothered to find out what they do. Our engaging managers recommended doing thorough homework before making major announcements to the team.

'So, if I'm going to deliver bad news, I really will invest the time. It's not something that you walk blind into. I make absolutely certain that I know the full background of whatever news I'm delivering. The biggest office I ever closed down, I knew nothing

about before, but by the time I turned up there, I knew all its history, all its background and the kind of people who worked there, the kind of expectations they might have and so forth.'

'… sometimes when we get a brief, we've got to brief so many different levels. There's not always the right pitch, so you've got to make sure you pitch it right.'

'So before you deliver the news, you have to try and think about what it might mean to that individual.'

Understanding and getting across the big picture

Engagement research, such as that of Beech and Akerson (cited in Pech and Slade, 2006) and Blessing White (2008), found that a lack of trust may be a precursor to disengagement in organisations, particularly a lack of trust in senior leadership. Major change will be much easier to implement if people understand why it is happening and where they fit into the overall effort of keeping the organisation going. This understanding of individual and team contribution is aptly illustrated by the drawing below.

Understanding of individual and team contribution
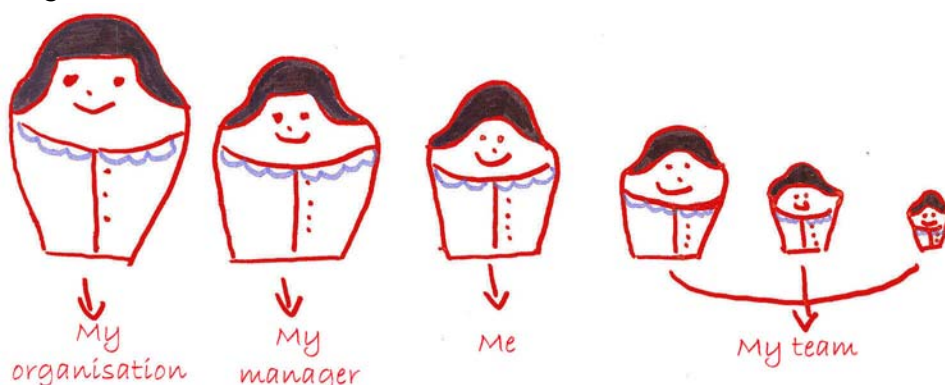
Source: IES 2009

Effective managers are particularly good at understanding the big picture, and communicating it to their teams. This means that, if they have to break bad news, they can explain it by referring to the organisational and team context:

'It is trying to manage their expectations that we have still got to stay afloat as a business, etc. … Even if it might be an unfavourable decision she is quite straight talking in terms of putting our position across.'

'I explained the rationale and why it was right for the business.'

'The way I've delivered it is … this is where we are … but as a team, this is what we're going to do.'

And doing it all with empathy

'Lacks empathy/interest in people' was by far the biggest disengaging behaviour of all in our research. It is essential, when contemplating change and delivering messages about what is going to happen, to think about the impact on individual employees and acknowledge their pain and anxieties. Our engaging managers did this well, but all managers can learn how to do it if given the right lead from the top.

> '… clearly, there is a way, in terms of empathy, of delivering certain messages.'

> '[They] have had to say that offices would be closing and that people would have to move or not have a job …. The key thing is to be good at articulating why, at understanding how people will feel.'

> 'I've got a daughter who works for the company and I just put myself in a position, if I was having a talk to her about it, as long as it was done fairly and with some compassion, I think, I'm happy, in myself, I can carry it out.'

The workforce here isn't engaged: are we doomed?

Implementing change when the workforce is unengaged – or worse, actively disengaged – will be an uphill battle. In these circumstances, there is a natural tendency for the senior leadership team to close ranks, adopt a defensive stance, and communicate as little as possible for fear of reprisals. Not surprisingly, the hoped-for change will not go well. However, business or political imperatives mean that change sometimes has to happen even if the circumstance are far from ideal and the workforce is unco-operative. Even if it is difficult and painful at first, following the principles of engagement management, summarised below, will facilitate change.

Engaging for change

1. Be absolutely clear about what the change is, why it is happening, and what the business benefits will be, and ensure everyone on the senior team has similar clarity and can explain the vision to others. As Kahn (1990) put it:

> 'People need to feel that their authority figures are competent enough and secure enough in their own visions to create paths along which subordinates can travel safely.'

2. Communicate clearly about the change, and be consistent in all communications. Express things in a straightforward way, without muddling the message, but give people the facts and the rationale behind your thinking.

3. Do not impose a standard message on all managers within the organisation. Ensure they understand the required change and the need for it, but encourage and allow them time to brief their teams using appropriate language and examples.

4. Allow managers and their teams to make their own suggestions about how change should be implemented locally, within their overall remit. Listen to these suggestions; the senior team is not infallible.

5. Ensure that the policies, processes and systems exist to support managers and employees who are struggling with, or disadvantaged by, the change: HR should play a major role here, but other help could be needed: counselling, careers advice, guidance on benefits and pensions, outplacement support.

6. Keep going, with consistent repeated communication of the overall vision. In the words of one of our engaging managers:

   'It, basically, is just energy, hard work and keeping a very open mind.'

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Creating social networks for learning and sharing ideas

Paul Fairhurst, Principal Consultant and Linda Miller, Senior Research Fellow

The future of learning

As we have seen in stark reality over the past two years, the future is no longer predictable (if it ever was). Organisations' ability to adapt and to learn to operate in changing circumstances are critical capabilities. And yet, when times get tough one of the first things to be cut is the learning and development budget. Why is this? Do organisations think that they no longer need to learn, or is it because they actually think that the investment isn't delivering value to the business; in which case why were they doing it in the first place? Recent estimates by a number of commentators and researchers have suggested that only between 10 per cent and 30 per cent of learning occurs through formal development and yet 80 to 90 per cent of the L&D budget is spent on this.

In our recent work, L&D 2020, we identified that learning will continue the shift from being just thought of as formal, away from the office, programmes to an on-going process where learning is continuous, social, informal and embedded in the workplace. People learn all the time – it is almost impossible not to learn on a daily basis – but many people only think of development as having happened when they have been formally trained in a particular area. As the knowledge required for many jobs changes more rapidly and becomes more dispersed, it won't be practical to help people learn all that they need to in this way.

More traditional models of classroom-based or facilitated learning will still have their place, particularly for regulatory, core skill set and/or brand values-based development. It is likely though that their role will diminish for other types of development as people draw on their network of contacts or use technology to access relevant learning material on a just-in-time basis.

People are natural learners; it is almost impossible for us not to learn things. The question for the organisation and its L&D professionals is whether people are learning the most useful things to take the business forward and in an efficient way. The challenge for L&D professionals is to harness this range of informal and social learning processes to make it easy for people to learn quickly and easily in a way that supports the organisation's goals.

It is tempting to think of some of the advances in technology as just new delivery mechanisms delivering the same content in new ways. Indeed, some of it may be just that: an extension of e-learning to m-learning, podcasts, and so on. However, even these provide opportunities for people to learn at different times and in different situations than they did previously, accessing the required material on a just-in-time basis. Organisations are also getting smarter at deploying these technologies, solving real business problems rather than implementing them just because they can.

More fundamentally though, recent advances in technology have helped people connect and collaborate more easily with a wider range of colleagues. Always-on Internet connections make it possible for people to interact and learn wherever and whenever they need to. This isn't just about delivering the same content in a new way but providing ways for people to seek out and find learning for themselves, be that through accessing existing knowledge or tapping into a network of contacts (or their contacts).

These networked uses of technology require a different way of thinking about learning, which isn't about content delivery necessarily, but more about providing the means for people to find and share information for themselves. Understanding the psychology of relationships and networks will be fundamental to creating effective learning environments.

How do you capture the tacit knowledge of experts in the organisation who may be retiring or who may at some point leave the organisation? Perhaps encourage them to capture their knowledge on video or in an on-line wiki. Social networking ideas allow people to connect with experts anywhere in the world to get answers to their questions, and to answer other people's questions. Often the answer emerges through discussion or debate; perhaps this used to be at the coffee machine or water cooler where some of the most useful creative ideas emerged. Now this can be online with people from diverse cultures and backgrounds. The potential for the development of creative solutions and rapid learning are enormous. But in many organisations this requires a cultural shift for people to feel comfortable networking and sharing knowledge and experience in this way. The L&D community needs to understand the psychology of networks and how they operate, and be focused on how to maximise the benefit of collaborative learning that always on connectivity allows. The key is that the solutions produced are designed to tackle real business issues and deliver real business benefit, not just sharing for sharing's sake.

IES recently carried out a piece of work for the NHS in the UK looking at what is required to establish new social networks for the sharing of ideas and knowledge across a large multi-site organisation. We reviewed the relevant literature, interviewed leaders of successful online communities and ran focus groups and a survey with staff to understand what would encourage and allow them to engage with such a community. The rest of this paper presents the key themes from the research literature and then goes on to presents hints and tips for establishing a new online community.

Key themes from the research literature

An initial literature review identified seven broad areas that need to be considered when developing online networks or communities. These were:

1. Individual factors such as their confidence in using the technology and training they received, motivations and time to engage and the anticipated benefits from engaging.

2. Environmental influences, including their organisation's attitude to the use of such technology at work, the availability of, and access to, the technology to use the network (either at work or at home) and the availability of training, support and encouragement at work.

3. Technological factors such as the range of ways that people can access the network and the power of the computers (or other device) and internet connection required (including lack of firewall blocking).

4. The ease of use of the website and community areas, such that staff can find what they are looking for rapidly and contribute easily in a way that is right for them.

5. Psychological influences on individuals engaging with online networks and, in particular, the trust that they have in the community and its other members; and the need to proactively build this trust.

6. Appropriateness of content; ensuring that users can access and are presented with information that is right for them, and allowing communities to grow up around common areas of interest.

7. The management activity and offline effort required to sign up members, generate activity within communities and moderate content, as well as building trust of, and within, the network.

Hints and tips

Out of the work, some clear practical messages emerged about how to establish an online network of community to allow people to share ideas and knowledge.

Encouraging initial engagement

Getting people to join and then engage in an online community is not a trivial task; it takes significant time and effort to reach a level of sustainable activity.

- Give people a **clear reason** to join the network. The most successful networks are based around a **specific topic**.

- There needs to be a **clear benefit** and **value added** for people to want to join.

- It is more effective to work with those that **want to work** with the network and who **self-select in**, rather than chasing everyone.

- If there is not already some **sense of community** offline, then can be very difficult to create that online.

- The amount of effort required to create content for the site should not be under-estimated.

Recruitment activity

Key to success is the clarity of strategy needed to recruit and engage people, rather than any tactical activity on the website and or within the community.

- Almost all the successful networks undertake **extensive offline activity** aimed at finding new members.

- Often, members are found (initially at least) through **personal contact, word of mouth** and **activity by the network champion** until a degree of critical mass is achieved.

- A **face-to-face** set-up meeting with the very first members and subsequent champions can be helpful.

- It is a good idea to **use existing networks** to expand awareness and reach of the new network.

- A **training programme for network facilitators** can be helpful.

Maintaining/increasing activity and engagement

People must feel that they are getting value from the time they spend in the community or on the website.

- They need to be **made to feel welcome**, perhaps by a **personal message** of welcome from the facilitator and **encouraged to make an initial post**.

- **Building a sense of trust** in the community is important to ensure that people feel able to contribute and comment openly.

- **Traceability** of **participants** and **content** are important factors in the development of trust.

- Equally, trust in the community **affects the credibility** of the material accessed.

Content must be kept highly relevant to the members.

- Collecting some initial data from new members can be useful to help **understand their interests**.

- Data about members can be used to **target** and **personalise** email **communications** and **network areas/content** appropriately – achieving the right balance of activity without overwhelming people is important.

- Developing **sub-communities with a specific focus** is a useful way to ensure content finds the right people.

- Enable users to **filter** so that they access only relevant groups/areas.

Recognise that it is impossible to engage everyone

- The primary focus needs to be on **recognising the active users** to ensure their continuing participation.

- **Reinforce the contributions** of active users (by feedback or showcasing it) so that they feel valued and continue to participate.

- **Ensure that something happens** with what is posted – otherwise people will think they are wasting their time contributing.

Ease of use

The **ease of use** of the website and community areas is fundamental to success. Individuals need to be able to **find what they are looking for rapidly** and **contribute easily**.

- **Clear navigation** and a **minimum of links** to reach the desired content are crucial.

- Conversely, **complicated navigation** and not knowing where or how to post a question or find an answer is **frustrating for users**.

- **Alerts to new content** are valued by network users, so long as they are appropriately targeted and alert the reader to relevant information.

- Conversely, **too many email alerts** 'cluttering up' an inbox can lead individuals to leave a network.

Other factors

External factors can either encourage or discourage the use of networks:

- The work environment affects **individuals' willingness to participate** in online communities and share information.

- The **attitudes of colleagues and managers** can discourage use of online resources, where these do not view online activities as 'real work'.

- Where a **culture of sharing is discouraged**, people are less likely to respond to online requests for information or guidance or to contribute examples of good practice.

- In particular, **a culture of competition** may militate against the sharing of information.

- Concerns about the **applicability of other people's experience**, and contextual factors in the work environment that may reduce the transferability of learning, inhibit the use of online sources to share good practice. **Credibility** is also a key factor here.

In conclusion

Whilst there is currently much excitement in the L&D community about the use of online social media to help with learning, two points about the human side of the equation should be remembered. First is that social learning is not new; people have been learning from each other for thousands of years. New technologies can make this easier but we should not forget the importance of facilitating face to face (or telephone and video) interactions and the importance of creating the right climate for people to want to share both online and offline. Second, as with the introduction of most new technologies, experience suggests that the biggest challenges in getting business value lie with getting people to adopt the technology and use it in productive ways. The technology bit is easy!

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Performance management: more performance and less management?

Mary Mercer, Principal Consultant and Catherine Chubb, Research Fellow

What's it all about?

In the aftermath of the recession, the focus on performance management within organisations is likely to intensify as HR and senior managers attempt to direct employee efforts towards the areas that will enhance business performance. The CIPD (2009) reported that 'demand for up-to-date information has actually intensified with the economic downturn, with HR practitioners striving to ensure they are assessing performance against fair and relevant measures and that they are focusing effort on the things that really matter for the business'.

There is nowhere that focusing effort on the things that really matter for the business is more important than in the health service. Professor Michael West, looking at the influence on mortality rates, found that, 'a hospital which appraises around 20 per cent more staff and trains about 20 per cent more appraisers is likely to have 1,090 fewer deaths per 100,000 admissions'.

In 2005, Armstrong and Baron noted a shift in terminology from performance appraisal to performance management, which they believed indicated a wider shift in the philosophy and content of the process and its connection to organisational performance:

> *'Performance appraisal has a reputation as a punitive, top-down control device, an unloved system. Performance management is a holistic, total approach to engaging everyone in the organisation in a continuous process, to improve everyone and their performance, and thereby the performance of the whole organisation.'*

This argument was supported by more recent research from the CIPD that showed the trend of integrating performance management with other HR processes such as

talent management, career planning and the development of potential (CIPD, 2009), and for some time now many organisations have seen an increasing focus on the devolvement of control and operation of the process from HR to line managers.

So organisations are setting themselves a formidable agenda of goals for performance management to achieve, trying to marry organisational goals with individual actions, and linking the disparate strands of HR practice – talent management, development and reward – in harmony behind organisational performance.

It is not surprising then that one HR director told us, in scoping a new IES research project on the subject:

> *'It's expected to be part business planning, part employee development, part performance pay, part communications process. No wonder it is often seen to fail.'*

Organisations are therefore constantly trying to make their performance management processes 'fit'. A study by E-reward found that 74 per cent of the organisations surveyed had made changes to their process in the last three years. Yet the majority remained dissatisfied and had further changes planned .

So how can the promise of performance management be realised in practice? As another HR director told us when scoping our research study:

> *'We've gone back to basics, cut back on everything else and said, first and foremost, it's about communications and having good one-on-one conversations.'*

But are managers really embracing this? Do they have the skill and the commitment to carry out performance management effectively and have good one-on-one conversations, or are they seeing performance management as a painful, lengthy once-a-year process that they could well do without?

Simplification of the process

Performance management continues often to be a bureaucratic and time-consuming affair. Organisations are therefore addressing problems such as over-complexity and bureaucracy and moving towards a more streamlined tool (CIPD, 2009). There is evidence that the process is being restructured through more innovative use of technology, in an attempt to try to engage employees more to trust and even enjoy the process. McGregor (2009) reports that 'employers are trying out social networking-style systems that aim to improve – and take the dread – out of annual reviews'. For example, Accenture has developed a Facebook-style program called Performance Multiplier that allows employees to post status updates and personal weekly goals and the feedback software 'Rypple' enables people to post Twitter-like questions about their performance in return for anonymous feedback, and has software to replace the standard annual review with short monthly surveys and discussions. By prompting people to document and adjust their goals and learning constantly it is hoped that

formal process discussions will also improve. Embedding regular performance appraisal into the culture of the organisation will also remove what Martin and Bartol (1998) described as the 'periodic ritual that proves unpleasant for employees and supervisors'.

The culture

Over the many years we have been researching performance management, and supporting organisations with improving their approaches, one thing is clear to us: you can have a simple process or a complex one and there are elements of good practice that when applied to the process can make a difference, but ultimately it is the *culture in which the process sits* that has the biggest impact. So, for example:

- How important is performance management regarded as being? Are managers and staff given time to prepare and deliver a review?

- How far is the annual review part of an ongoing process of performance management in which 'the conversation' regularly happens?

- And most importantly, if it's all about the conversation then it is also all about the skills of managers and their staff to engage in this one-to-one process. Are they up to it and comfortable with it?

- Do managers treat people fairly and equally?

Online performance management has often failed to address these fundamental challenges within the process. Simply making what was previously a paper process simple or electronic, will have no impact. As Grattan and Ghoshal (2002) said, the emphasis should be on 'improving the quality of conversations', rather than going through 'dehydrated rituals'.

The managers' role

In IES's last major review of performance management, we found that a key element in the success of the process was line manager ownership. Purcell's research at the University of Bath identified developing the commitment and capability of managers as key in 'bringing HR policies to life'. Building capability seems to be even more important where competencies are used. The Corporate Leadership Council found that complicated frameworks often overwhelm employees, and the most comprehensive competency framework, 'no matter how well designed and appropriate, will not make a bad process good, nor will it compensate for poor training, poor techniques or unskilled users' (Whiddett and Hollyforde, 1999).

HR needs to focus their efforts on the front-line managers who conduct the appraisals, as many have often been left without the skills to implement performance

management processes effectively. Effective management of staff must include keeping an eye out for unconscious bias in delivery of performance management. Over the last ten years, IES has carried out reviews of the outcomes of performance management for a range of organisations, and in most found statistically significant differences in the awarding of the top performance marks to women in senior grades, people from minority ethnic groups, people with disabilities, and those working flexibly (mostly women). In all the organisations we have worked with on this topic, unconscious bias has been in operation as follows:

- There was some perception – and some display – of negative attitudes and beliefs about ability, reliability and career expectations of particular groups.

- Relationships with some managers influence performance ratings. Managers tend to award higher grades to those that they get on with personally, regardless of the achievement of objectives.

- Underdeveloped performance management and people skills contributed to some poor quality reviews, and sometimes allowed negative attitudes and beliefs and personal feelings of friendship to be applied during the performance appraisal process.

Managers themselves are often shocked to find these results, and reminding them of this unconscious bias can have an impact. However, HR must continue to be vigilant, auditing the outcomes of reviews and investigating where bias might be occurring.

The focus for change

Many large UK employers have restructured their approach to performance management over recent years, and change is almost inevitable, especially in the aftermath of a recession. Any restructuring of the approach to performance management in future is likely to include a broader focus on organisational performance, but also the simplification of the core processes; ensuring employees have greater levels of understanding of the process and enabling them to have more involvement and drive the process to a much greater extent. Performance management will also have a greater focus on development and performance outcomes and measuring and demonstrating them, allowing for greater flexibility in tailoring the process to suit diverse local needs and organisational cultures.

Above all, it needs to have a focus on line manager ownership and skill, including an understanding of unconscious bias, management of poor performance, and managers themselves being rewarded for being effective managers of people, as well as of tasks and processes.

New IES research

IES is addressing the implementation of performance management processes through a new research study involving case study work with a range of major employers. The study is designed to produce practical tools and guidance on how to improve performance management processes. This research will be available in mid 2011.

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Talent management: time to de-clutter?

Wendy Hirsh, Principal Associate

It's a good time to be considering where we are going with talent management. The term has become very prominent in recent years, but the real issues behind it are old, indeed as ancient as human society itself. They concern how one generation passes power and know-how to the next, and whether people who have unusual abilities, and the determination to develop and apply them, get the opportunity to do so.

All the talk of 'talent management' can just be seen as another HR fad, but it has been a timely reminder for managers to think about what they are doing with their best people, as well as coaching others to come up to expected levels of performance. It also emphasises developing people with potential to meet future business needs, as well as training them for their current roles. So it brings a welcome re-emphasis on career development as a proper concern for organisations and not solely for individuals (Yarnall). The 'talent' idea also helps to link the internal identification and development of good people with external recruitment and retention, forming part of a wider resourcing strategy. This is all to the good.

Keeping it relevant

But we need to keep our eye on the ball in terms of keeping talent management relevant to the changing business and labour market context. Writing this piece late in 2010, private sector confidence seems fragile and employment forecasts into 2011 are not predicting sustained increases in recruitment (CIPD/KPMG). Many managers have learned the value of keeping close to their best people through the business downturn, and do now fear that some good people may start to move elsewhere in sectors that are picking up again. But they cannot promise rapid promotion or indulge people with the lavish sweet shop of talent development programmes we saw in some organisations before the recession.

In the public sector, job losses are accelerating, and with them huge amounts of expertise will also go – professional and technical perhaps even more critically than managerial. This is also a sector in which specific skill shortages tend to persist even in periods of workforce reduction. Meanwhile, a very large backlog of high potential and highly qualified young people lack the experience to get a foothold in the labour market after several years of very low graduate recruitment.

We see the impact of these changing circumstances on the ground. In Birmingham City Council (BCC), IES has been working with the Workforce Intelligence and Planning team. The initial spur to developing talent management two or three years ago was to attract, retain and develop high potential people, especially with a bulge of retirement coming up in some key workforce groups. As the public sector has swung into budget cuts, the need to retain the best people remains, especially as parts of the private sector are competing again to recruit talent. But there will also be significant re-design of public services and new models for service delivery. In BCC, commercial awareness, skills in income generation and service commissioning are growing in importance.

The challenge is to keep nurturing talent whilst being honest about the rapid pace of organisational change. As Hazel Day says:

> *'Managers do not want to raise the expectations of their employees, just to dash them if they are not able to offer them roles in new structures. However, many managers feel now is the time to push their talent – let them know they are valued and that they are vital to the service. They want to continue to develop and motivate them, but to be realistic and manage their expectations.'*

Keeping it real and de-cluttering

As so often with HR, an area of justifiable priority can get overtaken by increasingly complex procedures. In the case of talent management, the identification of potential can easily become over-bureaucratised. This is often driven by a well-meaning intention to be fair, but then the old pitfall of giving managers more and more rules obscures the need for good judgement from the line, using the evidence they already have of how people behave and what they achieve. At its worst, talent management can become a large collection of online forms that managers are asked to fill in, with more emphasis on putting something in the boxes than remembering what the boxes are about and what will happen in real life as result of filling them in.

Julie Evans of Organisation Change Solutions has hands-on experience of managing corporate talent pools in a leading global company. She talks about *'keeping talent management real'*:

> *'The HR function may spend significant resource on developing ever more sophisticated talent management systems, but there is a danger that they may generate an inertia that*

was not intended. Complexity can put some senior managers off from fully engaging when time is at a premium. For others it provides the perfect opportunity to continue gathering and analysing data on their talent pools, having prolonged discussions, and reviewing and perfecting the processes. In either case, a lack of decision making can be the consequence. Keeping it real can sometimes mean stripping this away to enable senior managers to focus on the decisions and actions they can take now. Keeping it relevant means understanding what the senior leadership teams value in their future leaders, and driving actions and decisions that move towards these.'

Integrating talent into wider people and business management

IES research on the HR function found that both managers and employees are often puzzled by the lack of serious HR attention to career development, succession planning and workforce planning. They see these and talent management as an integrated set of issues, essentially about developing people to meet changing business needs. Some participants in this research called it 'the future stuff'. But, where there is attention to this range of issues, managers can find themselves being asked to work with several, apparently disconnected, HR processes (Hirsh).

Succession planning and talent identification can be usefully seen as two sides of the same coin – both have to link notions of potential with future organisational needs. This pair can in turn be seen as one aspect of wider workforce planning. They help managers check out whether they have people in the pipeline for the key roles and groups of jobs such planning typically considers.

The discussion of career aspirations and direction with individuals can take place in performance reviews or building onto them. Wherever this happens, the results of such discussions should feed into a personal development plan that the individual feels to be realistic and relevant. This link would be improved if PDPs more explicitly covered both skill development for the current job and career development for the future. This more integrated approach to development planning would also clarify where particular needs are individual, where they apply especially to high potential employees, and where they highlight a skill need in a whole team or group of employees.

Although the nine-box grid for talent identification (three levels of potential set against three of performance) may be useful as a discussion tool between managers, there is a lack of evidence that it is a good basis for an individual career discussion. Being put in a box is hardly a motivating or stimulating way of discussing one's career possibilities.

Individuals are also better placed to raise their own performance and develop their own careers if they have access to a network of peers and senior managers, perhaps

through formal or informal mentoring. Such networks are an important feature of talent management and cost little to encourage.

The processes of identifying and developing talent seem to work better if groups of managers take collective responsibility for various parts of the workforce. This can be on a divisional and/or functional basis, sometimes also geographical, following the lines of responsibility for people in the business. In part such collective action, through talent fora or talent review committees, provides a natural challenge to managers who may seek to hide away or block their best people. It can help to flush out 'hidden talent' – people who are outstanding but not especially pushy about their own careers. Collective management action is often needed to develop talent, especially when opportunities for job moves are constrained, as they are at present. Talent reviews do not have to stand alone as an extra burden on the line. They can usefully form part of a wider people review, especially if this is integrated into regular business reviews at fixed points in the year. Integrating talent management with business in this way helps to keep it real and de-cluttered.

So if we de-clutter our talent processes what are we really asking managers to do here?

■ To identify people with high potential for leadership and, where appropriate for key specialist roles or types of work in the context of their wider workforce planning.

■ To discuss career aspirations and individual career development needs as part of the normal individual development planning process.

■ To have regular talent reviews with other managers, preferably as part of a wider people and business review. Such talent reviews or fora are a means of agreeing on talent pools/successors and also the shared action required to develop them.

■ To work with other managers to deliver on the individual and collective development needs identified for those in talent pools, especially with regard to obtaining broader and challenging work experiences and extending their support networks.

Managers may be keener now than for many years to embrace the talent agenda, but they will only do it if it can give them simpler and more integrated ways of doing so. Effective talent management does require a degree of organisational choreography to set up talent review meetings and to keep a reasonable record of actions agreed. Although in theory managers could do all this by themselves, a degree of facilitation and data management by HR usually seems to be necessary. It should also be part of the strategic role of HR to help managers see the bigger picture of their talent pipelines and their development needs and to facilitate career moves across the business. The link to formal management and professional development is also a critical one and lies firmly with the HR/L&D function.

As HR functions re-structure yet again, especially in the public sector, there is a danger that the relatively small amount of HR resource to support talent management will slip away. Delivering management development through the procurement of outsourced skill-based programmes will not give the serious support for individual career planning and career development so central to talent management. HR business partners may be the obvious people to pick up the role of supporting talent management and succession within a part of the business, but it is still an area of work relatively new to HR generalists. How business partners are equipped to take on this role and how talent management can be most efficiently co-ordinated across the organisation, seem set to be key practical challenges over the next couple of years.

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Rebuilding performance through team coaching

Ben Hicks, Research Officer and Alison Carter, Principal Associate

The current economic climate has led to cuts in expenditure and rapid organisational change. As organisations have restructured, employees may find themselves working in smaller teams or with colleagues they have never previously worked with; yet the expectation placed upon them to be as effective as before (or even more so) still remains. This has resulted in organisations needing new ways to engage their newly established teams and maximise the efficiency of their employees through the most cost efficient methods. To accomplish this, a number of organisations within both the public and private sectors have turned to 'team coaching.'

Although this is not a new idea, it is an intervention still clouded in mystery. People are still unsure exactly what it is, or when it can be used and indeed whether it has any benefits at all. As expected, many consultancies and coaching providers are keen to offer their version of 'team coaching' but is this necessarily the best option for your organisation? IES has been helping a number of employers decide whether 'team coaching' is right for them and we have also examined the recent literature on the subject. In this paper we offer our advice to help you avoid some of the many pitfalls that prevent 'team coaching' from having a beneficial impact on your teams.

What 'team coaching' is not

One of the best ways to describe what 'team coaching' is, is by explaining exactly what it isn't and therefore highlighting some of the pitfalls that organisations have stumbled into.

Firstly, as an organisation or a manager, you need to be sure that your employees are in fact in a team rather than just a group of individuals who have been put together. For a team to be established and work, all members need to identify with the team, interact with other team members, and have a clear sense of shared purpose and

interdependence on other members. This will usually lead to a limitation in the number of members in a team, as the more people involved then the less able teams are to function as a whole, and sub-groups will develop. In this instance, team coaching will have limited impact.

Once you have established whether you are a manger of a team or not, you need to decide the best intervention to use for the results you want. Other team interventions include 'team building' and 'team facilitation'; however, these both differ greatly from team coaching and will have very different outcomes if employed. Team building tends to focus on improving the interpersonal relationships between members of a team and changing certain behaviours. Whilst this may be great at strengthening collaborations between team members, it is often short-lived and rarely translates into sustained productivity and performance. Team facilitation is designed so the facilitator leads the team through a conversation with the aim of providing them with a clearer perception of where it is they want to go. This is often accomplished by a few short interventions that have been designed to solve the current problems of the team. On the other, hand team coaching is designed to help the team build their longer-term skills and capacity to manage new challenges from their own resources. This is achieved by having a coach who is more emergent within the team and who aids in the processes such as quality of thinking, team communication (both internally and externally) and how the team relates to the work task. This of course will take much longer than one or two days away or a few short interventions, but will have a much more lasting effect on the productivity and output of the team.

As the name would suggest, it is also not the one-to-one coaching of individuals. Many organisations suspect that if they have a coach who is trained in one-to-one coaching then these skills can be easily transferred across to team coaching. However this perspective should come with a huge **warning** sign! Teams are very complex and have underlying dynamics and interactions that can impact on the team's effectiveness and performance regardless of the coaching used. Coaches need to be aware of these complexities and be experienced enough to manage them in addition to other issues such as employee confidentiality. It is unlikely that those trained in one-to-one coaching will have the necessary skills to jump straight into team coaching. Coaches must be trained to understand teams and to develop different coaching techniques, depending on the team they are working with. Only when this has been accomplished and coaches feel confident in their skills, will benefits be seen. IES warns against throwing a one-to-one coach straight into a team coaching situation, and we are supported in this view by a number of other professional coaches. Damion Won, Director at The Performance Coach told IES:

> 'Whilst I do feel that one-to-one coaching skills and capabilities are valuable in a team coaching environment, and that a team coach should be a highly skilled one-to-one coach; there are a great deal more dynamics in team coaching. Therefore a team coach

will need to be highly experienced in working with group dynamics as well as group learning processes, to be effective.'

So what exactly is 'team coaching' then, and how do we get the best out of it?

With the mystery and lack of understanding surrounding team coaching it is not surprising that there are many definitions of what it is. Recently a relatively established definition has come to light within the academic literature.

'Direct interaction with a team intended to help members make co-ordinated and task-appropriate use of their collective resources in accomplishing the team's work.'

(Hackman and Wageman, 2005)

Now, having been equipped with a clearer idea of what team coaching is, it is necessary to understand at what point it is best to employ it in order to get the most beneficial impact. A range of studies have shown how team coaching can positively contribute towards team performance and learning, but on the proviso that the intervention is well-suited and well-timed. As the literature around team coaching increases, then the mystery that clouds it begins to slowly dissipate. Colin Fisher (2010) has recently set out three functions that a team coach must accomplish if the intervention is to be successful:

1. team coaches must observe group process, focussing attention on and perceiving relevant cues (Schein, 1987)

2. they must then interpret the information, diagnosing both whether the team would benefit from and is receptive to the intervention, and

3. simultaneously, the coach must decide when to intervene and decide exactly what to do during the intervention.

This work has supported other research within this area by Hackman and Wageman (2005) who focussed on the functions of the team as a whole, and theorised a method of team coaching. They explored the most beneficial coaching techniques, when exactly to apply them, to what tasks to apply them and to what teams. All of these are needed in order to get the best out of 'team coaching'.

Three types of coaching functions were shown to be successful in 'team coaching'.

1. **Motivational coaching**: addresses the effort of the team and encourages process gains such as shared commitment to the group and minimise process losses such as 'social loafing'.

2. **Consultative coaching:** addresses performance strategy and fosters the invention of new ways of proceeding with the work that is aligned with the task requirement.

3. **Educational coaching:** fosters the development and appropriate use of team members' knowledge and skill.

More recent research has also suggested that team coaching has a direct effect on team members' effort and skills and knowledge. This then influences their selected and applied strategy in teamwork.

Of equally high importance as the technique a coach uses, is the timing of the coaching intervention. Specific elements of team coaching are most effective when carried out at specific intervals of a team's life cycle. Motivational coaching is thought to be more helpful at the beginning of a performance period, consultative coaching at the mid-point of a performance period and educational coaching when the performance activities have been completed. Although coaching may not necessarily be irrelevant outside of these periods, it probably will not have as great an impact. Fisher (2010) found that more experienced coaches tended to intervene later on in a team's development and were more likely to use a participative style of coaching (invite member input from the group) whereas less experienced coaches tended to intervene early on in a team's formation, often in response to a perceived negative aspect of group process and typically with a directive style (tell group members what to do with minimum input from the group). The benefits of intervening at a later stage helped the team learn from their experience rather than trying to immediately improve at the cost of learning, and therefore the participative approach was the most beneficial one to take at this stage.

Other issues that coaches need to bear in mind in order for team coaching to have the best impact are the *tasks* that a team is formed to carry out, and also their *design*. The coaching should focus on the most salient team performance processes for a given task. For example if a team is assigned the task of moving materials, then the only process that is required is the level of effort the team members expend. Focussing coaching on other processes that are not needed or constrained, will be ineffectual and may even decrease team performance as it will direct the team's time away from the important processes. Finally, as noted previously, teams need to be well structured and supported in order for competent coaching to be beneficial. Poor coaching interventions aimed at poorly structured and supported teams will be more detrimental than beneficial to team performance.

What team coaching can achieve

With the mystery of team coaching beginning to unravel itself, it is likely that more organisations will begin to invest in team coaching and internally train people to take on these roles. IES welcomes this and believes, along with other professional coaches such as David Clutterbuck (2009), that there is business sense in doing this. You only have to look to Jaguar and Land Rover or the NHS South East Coast to find case studies of team coaching making a real impact on a team's effectiveness and the

organisation's productivity. In short, if team coaching is delivered at the correct time and in the correct way it can:

- *improve* specific aspects of team performance, with coaches enabling the team to ask the right questions at the right time in order to achieve shifting requirements

- make things happen *faster* as the team coach can help a team move rapidly through the stages of development that may be hindered without a coach due to mistrust, poor communication and avoidance of important but less obvious questions

- make things happen *differently*: by accompanying culture change with team coaching, it can mean that the pace and depth of culture change is rapidly increased by the fact that people are supported when coming to terms with new attitudes and behaviours (Clutterbuck, 2009).

It is clear that in the future and under the current economic climate, team coaching will become more prevalent as companies attach high importance to team effectiveness, and so will attempt to find cost effective ways to improve the performance of their teams.

Currently 'team coaching' has been limited to executive teams or board level, due to its relative expense when resourced to external experts, although in the future the situation is likely to change as organisations equip their most experienced internal coaches with the additional skills necessary to carry out team coaching. However, as highlighted above, organisations must tread carefully when going down this route and make sure they provide their coaches with the correct training and the appropriate knowledge to understand the complexities of team dynamics. If organisations choose to outsource their team coaching, then they must ask themselves what they hope to achieve from the coaching and therefore the best method to employ, and not just opt for the cheapest or most easily accessible. To do this they must understand the conditions (task, team, contextual, developmental) under which team coaching can meaningfully influence team performance. Only by having a clear understanding of what intervention to use and when, can organisations maximise the effectiveness and performance of their team to help them stay ahead of their competitors.

Checklist for employers introducing team coaching

- Are the target employees a 'proper' team?

- Do you have a clear idea what team coaching is?

- Are you sure team coaching is the right intervention to use for the results you want? Have you explored other (and usually cheaper) interventions, *eg* team building and team facilitation?

- Have you discussed with the team leader the task(s) that each team is formed to carry out?

- Do you want to resource the team coach(es) internally or externally? IES warns against throwing a coach trained for one-to-one coaching straight into a 'team coaching' situation. Teams have complex dynamics, which need to be properly understood and managed.

- Do you understand the most salient team performance processes for a given task? The selected coach needs to.

- Are you clear when is the best time to employ the team coaching intervention in order to achieve the most beneficial impact?

- Have you briefed your selected coach(es) about what you want them to achieve, and discussed with them which coaching techniques they plan to use to deliver the required changes?

- How will you know whether the intervention has 'worked'? Ensure you have articulated clear success criteria in advance and have a plan for measuring their achievement.

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