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IES Perspectives on the

HR Year Ahead 2012

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Introduction

> *'2012 – An epic adventure about a global cataclysm that brings an end to the world and tells of the heroic struggle of the survivors.'*

Welcome to our annual collection of thought provoking articles in the fields of HR, OD and L&D.

The good news is that the quote above is not our view of what the year 2012 will be like but merely the description of the disaster movie *2012* on the Internet Movie Database (imdb.com). However, at times it may feel like parts of it are a bit too close for comfort as organisations struggle with the current economic climate. In its prospective look at 2012, The Economist suggests that 'in the coming months, voters will start to feel the pain of austerity measures and a frantic search for growth could force George Osborne to reconsider the pacing of his plans to shrink the budget deficit. 2012 will be a turbulent year'.

However, it is a risk, when the financial situation is so challenging, to only focus on cost cutting and forget about why the organisation is there in the first place. Since the 2008 banking sector-led crisis, many people have been revisiting the question of why their organisations exist. A broader approach is beginning to gain ground in which all of an organisations' stakeholders (customers, employees, shareholders), as well as the communities and environment they operate in, are given equal priority. It is no longer enough just to maintain social value; organisations need to focus on how they create value that goes beyond their own survival and financial returns. Governments around the world are recognising that Gross Domestic Product is not a satisfactory sole measure of the success of their policies.

At a recent staff conference, a partner in a management consultancy reminded the assembled employees that 'Profit for businesses is like breathing for people; we need it to survive but it is not why we are here.'

The current situation is undoubtedly challenging but it is important to hold on to the real reason that the organisation exists and perhaps use the present situation as the opportunity to be more innovative and change things more radically than the comfortable times of the past might have allowed.

We hope that you find the following articles interesting and stimulating. If you would like to talk about the ideas in more detail then please do get in touch.

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IES, January 2012
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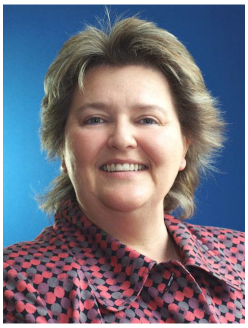

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The labour market in 2012 and some HR implications

Nigel Meager, Director

The UK labour market is stuck in the doldrums. Demand is subdued, with the number of vacancies sitting below half a million for the last two and a half years, while unemployment has been at or above two and a half million for a similar period and is now drifting upwards.

Forecasting the labour market is a hazardous exercise, but given the lack of confidence in the private sector, exacerbated by the Eurozone crisis, and the ongoing jobs cull in the public sector, unemployment will certainly grow further during 2012 and is likely to remain at or above its current level throughout the year.

Young people newly entering the labour market and lacking the competitive edge of work experience are, and will continue to be, the worst affected. This particularly applies to youngsters with few or no qualifications, but not only to them. This is the first sustained labour market downturn since the indiscriminate expansion of the higher education system in the nineties and noughties. While, for many graduates, having a degree will still turn out to be a good long-term investment, there is a growing cohort of young people, with average degrees in non-vocational subjects from second or third tier universities, now discovering that they were misled into believing that they had a passport to a well-paid, interesting, 'graduate level' career. This is their loss, but also a real loss to the economy.

Other groups who will be increasingly badly affected by unemployment in the year ahead include many of those in local areas (including parts of the North East, North West, South Wales and West of Scotland) heavily dependent on the public sector, where the private sector never fully recovered from the devastation of the Thatcher years. Women too, are disproportionately concentrated in public sector jobs, and while the early phase of the current downturn affected men particularly, the balance of pain is likely to shift towards women as the public sector cuts bite.

What does all this mean for the HR world and recruitment? It's worth noting that the early stage of the current recession was marked by 'labour hoarding' to a much greater extent than previous recessions. Having been caught out in the past by having shed too many of the wrong staff, many employers were careful this time to retain talent despite the downturn, often negotiating or imposing hours reductions, pay freezes or cuts, to make the retention financially viable. This is a key reason why unemployment didn't rise as much in 2008/2009 as most experts expected. The other side of this coin, however, is that many businesses now have the capacity to expand output with little recourse to hiring new talent, and this (together with the weakness of the private sector recovery) is why the private sector is so far failing to replace the jobs lost by the public sector. For businesses that do need to recruit, however, it will remain a 'buyer's market' for some time. Even if demand recovers in 2012, we can expect fewer concerns about broad-based skill shortages, and less emphasis on the 'war for talent' than before. Some highly-specialised talent will, of course, remain in short supply, and continue to exercise the ingenuity of recruiters and remuneration specialists (eg people who combine both high level technical skills and foreign language expertise), and the government's approach to migration policy will not help employers here. Committing itself to a target of net migration was arguably one of the biggest policy mistakes of the current government (driven, like many such mistakes, by knee-jerk populism rather than economic logic). Net migration flows are largely outside the government's control, being driven by internal EU movements, as well as (increasingly) by British workers returning to the UK (or leaving in smaller numbers). This means that to meet their target in 2012, the government will need to be increasingly restrictive about the numbers of non-EU migrants with high level skills. This will affect everyone from research scientists in universities to specialists, including key industries such as financial services.

There will, of course, be many ex-public sector workers entering the labour market in 2012. Surveys repeatedly report an aversion among private sector managers to recruiting such people, based on assumptions about their skills, attitudes and work motivations, possibly reinforced by tabloid-driven anti-public sector campaigns. Such evidence as does exist, however, suggests that the skills and qualifications base in the public sector is, if anything, higher than in many parts of the private sector. There is, therefore, for those businesses with a growing labour need in the year ahead, a strong case for reconsidering views of this kind, and indeed even for forging direct links with local authorities and other public bodies to access the talented and experienced workers, many of them women, who they will be shedding in 2012.

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Resilience: is your workforce tough enough?

Dilys Robinson, Principal Research Fellow

Resilience has become the latest management holy grail. The reasoning is sound: a resilient workforce is more likely to keep going in the face of adversity, enabling the organisation to survive the current lengthy economic recession and associated public sector budget cuts. 'Resilience' is a bit like 'engagement', in that it is a term that everyone instinctively understands, but would probably describe in a different way. What is resilience when applied to the workforce, how does the resilient employee behave, and how can organisations encourage and foster resilience in the workplace?

Dictionary definitions serve to remind us that the term is used to describe the qualities of materials, as well as people. It has its origins in the Latin verb *resilire*, meaning to leap or spring back, to rebound. Some themes emerge: withstanding knocks, standing firm, and recovering or reshaping after being under pressure.

What is resilience?

Concise Oxford English Dictionary © 2008 Oxford University Press:

- (of a substance or object) The ability to recoil or spring back into shape after bending, stretching, or being compressed.
- (of a person or animal) The ability to withstand or recover quickly from difficult conditions.

Merriam-Webster online dictionary at www.merriam-webster.com:

- The capability of a strained body to recover its size and shape after deformation caused especially by compressive stress.
- An ability to recover from, or adjust easily to, misfortune and stress.

Urban Dictionary at www.urbandictionary.com:

- The ability to stand up to challenges, work through them step by step, and bounce back stronger than you were before.

Given these definitions, what might be the characteristics of a resilient workforce? Firstly, resilient employees would not run away from difficult people, situations or business conditions: they stand firm and face them, and try to find solutions. Secondly, when problems persist, resilient employees persevere, accepting that organisational survival can be a long haul. Thirdly, if a disaster happens, they do not give in and accept their lot, but instead bounce back and work towards business recovery.

Encouraging resilience

What can the organisation do to promote resilience in the workforce, without incurring major costs? Actions fall under three broad headings:

- putting the necessary infrastructure in place across the organisation
- ensuring senior managers lead by example, adopting the necessary behaviours
- helping line managers to foster resilience among their teams.

The infrastructure

Well-being

Employees need to know that their employer cares about them, and a company-wide well-being programme is a good signal that the organisation takes physical and emotional health seriously. If the emphasis of the programme is on helping employees to help themselves, an increase in resilience is a likely outcome. The Marks & Spencer case study below shows how one company is offering its entire workforce the opportunity to grow in resilience, without incurring major expenditure.

Marks & Spencer: a case study

Marks & Spencer defines resilience as '*the ability to maintain and enhance effectiveness in the midst of a fast-paced, high-pressured and continuously changing environment*'. Key to building resilience is the well-being programme, which encourages employees to take responsibility for their physical and mental well-being.

Marks & Spencer is proud of its history of championing health and well-being, dating back to Flora Solomon in the 1930s. A recent transformation of the company's occupational health function shifted its main focus from a small minority of ill employees to the vast majority of employees, so that now a service is offered to everyone wanting to engage.

Something new happens in Marks & Spencer every week, and staff based in stores have to keep up with these changes and present them positively to customers. 'Keeping up' requires energy, so the aim is to encourage employees to make energy the focus of their day. This means thinking about movement, eating, rest/recuperation, hydration and emotional resilience.

The *Marks & Spencer Resilience Plan* is open to everyone working for the company. Employees log in from the Internet, which means they can access the site from anywhere. The site allows individuals to make their own pledges and monitor how they are doing, and to get in touch with others who are participating. So far, over 11,500 employees are actively engaging. Typical pledges include exercising more, drinking more water, achieving a healthy weight and improving sleep; smoking and alcohol, often major features of well-being programmes, seem of less importance to employees. It helps that stores are naturally competitive, which gives a boost to activities such as weight loss and exercise pledges.

So far, the signs are good. At a 40 week review, 80 per cent said they felt happier and healthier as a result of following their pledges, and store managers are reporting that morale has improved. The cost has been lower than off-the-shelf products, at £2 per head, and the company is benefiting from greatly improved data. The 'caring' element is in line with the Marks & Spencer ethos, while the programme builds personal resilience by enabling employees to help themselves.

External support

Caring about the well-being of the workforce is an excellent start, but employees also need to know that help is available to them should their resilience falter. Prolonged recession puts pressure on employees at work *and* at home, especially when bills are going up, income is decreasing, and the financial future is uncertain. Providing external, independent support to employees can help them to cope, and thereby remain engaged and productive in their work. The most common method of doing this is via an Employee Assistance Programme (EAP), which is typically outsourced to an external provider to preserve employee confidentiality and minimise costs. The range of issues on which EAPs can provide advice include substance and alcohol abuse; money worries; legal issues; coping with major life changes such as relationship breakdown; childcare; worries about ageing relatives, and relationships within the workplace. Some employers also provide free counselling services to staff, particularly for work-related problems, although this is clearly a higher-cost option.

The role of senior managers

Senior managers have a heavy responsibility: not only do they have to make decisions with far-reaching consequences about the running and future direction of the organisation, but they also have to lead and inspire the workforce to follow them. This is enough of a challenge in fair weather, but much harder during economic storms or stagnation. It is tempting for the top team to shut themselves away to work through the numbers and costs, then present the downsizing/restructuring plan as a *fait accompli*. This approach, however, is likely to have a damaging impact on resilience; instead of adopting the necessary flexibility and feeling strong enough to face the challenges ahead, employees can become fearful, risk-averse and passive, even to the extent of withdrawing discretionary effort. All the research (ie Peters et al., 1997) shows that employees are far more likely to be receptive, resilient and prepared to take risks if they trust their leaders; and, in turn, trust is engendered by leaders who are visible, open and involving.

What can line managers do?

The line manager is crucial in building and maintaining resilience within the team. Our 'Engaging Manager' research showed that line managers (at all levels) who are good at motivating and engaging their teams are able to judge when to support and help their direct reports (without 'micro-managing'), and when to set them a challenge. They are also good at encouraging ideas and creativity, and helping the team learn from their mistakes. This fosters resilience by building confidence and independence within an open and trusting environment.

My Manager…

Source: IES Research Report 470, 2009

The figure above shows the words used by the teams in our research who had such 'engaging managers'. These good people management behaviours do not come naturally to everyone, so how can organisations go about helping line managers to build resilient teams?

- First-time line managers/supervisors at all levels need some people management training for their role, preferably before they take up their responsibilities. This training should focus on positive behaviours, and should be repeated at intervals to reinforce the message. No-one should be able to opt out, even if very senior.

- A buddying system for first-time managers, or managers who are new to an organisation, is very helpful; 'buddies' should be selected carefully for their people management skills.
- A 'blueprint' or guide, setting out expected managerial behaviours, gives a clear message to line managers and is also a yardstick against which to measure performance. It shows employees what they should expect, too, and gives them a legitimate means for raising any concerns.
- Finally, as stated above – but worth repeating – to really embed good people management and foster resilience, senior managers must lead by example!

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IES Research

IES has published numerous reports on the subject of employee resilience, well-being and engaging managers. Visit www.employment-studies.co.uk/pubs to search for reports of interest.

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Board effectiveness: people issues are at the heart

Paul Fairhurst, Principal Consultant and Peter Reilly, Director, HR Research & Consultancy

Running an effective board in a private, public or voluntary sector organisation is not easy but has the potential to have a major impact on the success of the whole organisation. The Financial Reporting Council in the introduction to its updated Corporate Governance Code states that:

> 'The challenge should not be underrated. To run a corporate board successfully is extremely demanding. Constraints on time and knowledge combine with the need to maintain mutual respect and openness between a cast of strong, able and busy directors dealing with each other across the different demands of executive and non-executive roles. To achieve good governance requires continuing and high quality effort.'

Heidrick & Struggles' report on board effectiveness highlights that 'it is much harder to be a director now than it was ten years ago. Increased accountability and scrutiny, multiple media and stakeholder pressures and shareholder activism are all contributing to making the job a lot more onerous and risky.'

Each sector brings its own unique challenges, priorities and sets of stakeholders, resulting in different agendas, but there are also many commonalities in terms of good governance and board effectiveness. And, as with the rest of the organisation, if not more so, it is important to review all boards' effectiveness and performance from time to time in an evidence-based and transparent way.

When considering what to review, research by The Board Group provides some pointers. They identified a number of causes of board failure, which can usefully be grouped into four areas:

Board focus

- Lack of strategic focus and an inability to anticipate the future.
- Inability to align with shareholders or deliver their desired results.
- Too much meeting time spent on reporting and not enough time on addressing critical issues.

Board processes

- Lack of good, timely operating and strategic information leading to inefficient meetings and uninformed decisions.
- Infrequent or irregular Board meetings.
- Low levels of preparedness for meetings by management or the Board.

Board composition

- Experience and skills on the board do not match business' strategic drivers.
- Too many insiders/friends on the board.

Board interaction

- Board meetings that are not respectful and collegial.
- CEO not committed to the board process or to implementing board recommendations.

Turning the question round, Eversheds asked board directors what factors are important to the successful running of a board and received the following responses:

Composition of the board	77 per cent
Effective chair	50 per cent
Challenge	41 per cent
Collegial environment	29 per cent
Executive/non-executive relationship	23 per cent
Time commitment	15 per cent
Effective executive	15 per cent
Defined roles	15 per cent
Size of the board	11 per cent
Appropriate levels of information	11 per cent

It is evident that there is a degree of consistency about what matters coming from both perspectives. Beyond the clear importance of having the right mix of people on the board, the next four most important factors in the Eversheds research are all about the working relationships that exist within the board: the effectiveness of the chairman; the degree of challenge provided by the non-executives; the collegial environment, and the relationship between the executives and non-executives.

In this context, Patrick Lencioni's The Five Dysfunctions of a Team provides a useful framework to think about the potential pitfalls in running an effective board:

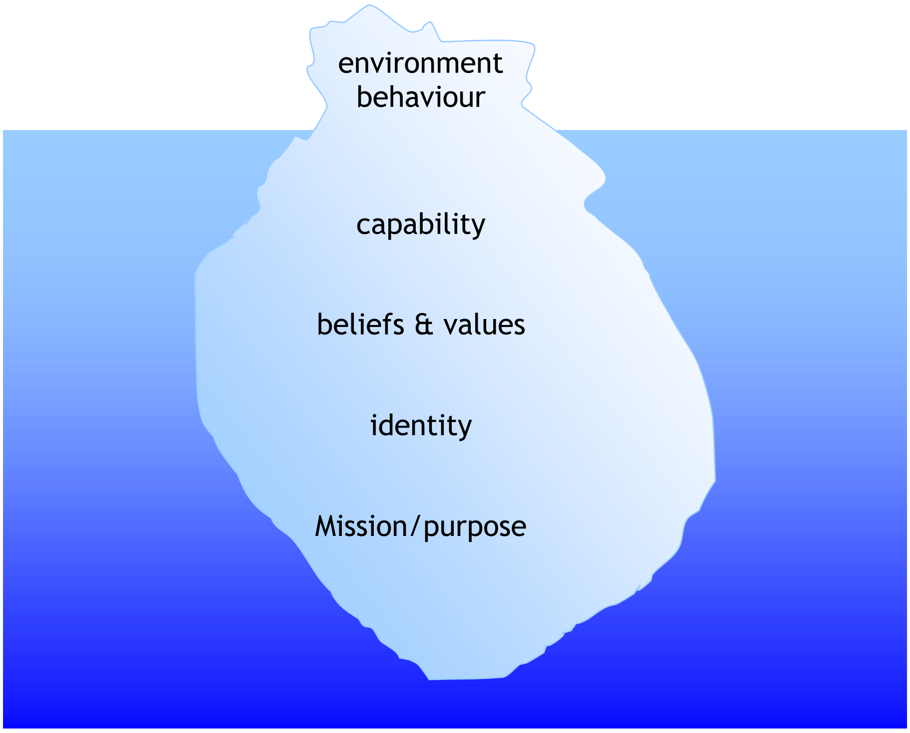
- Absence of trust – the fear of being vulnerable prevents the building of trust.
- Fear of conflict – the desire to preserve harmony prevents meaningful conflict.
- Lack of commitment – lack of clarity or buy-in prevents people from making decisions they will stick to.
- Avoidance of accountability – the need to avoid interpersonal discomfort prevents people from holding one another accountable for performance and behaviour.
- Inattention to results – the pursuit of individual goals and personal status erodes the focus on collective success.

One of the interesting questions about a board is whether they are really a team who are working towards a common set of goals, and how many boards actually think of themselves as such. Do they apply the same disciplines and approaches to their own effectiveness as they would to other, executive teams in their own organisations. Clearly, the non-executive role provides a different dimension to the relationships but we would argue that any board is indeed a team and should not neglect the fundamental basics of team effectiveness. Through the lens of Lencioni's framework, the ability of the chair and non-executives to be able to challenge whilst building trust with the executives is critical to an environment in which it is possible to explore issues openly and constructively without fear yet still achieve accountability and a focus on results. The chair, in particular, needs to keep the focus on collective results, force clarity and closure, and confront difficult issues.

At a recent workshop on board effectiveness, run by IES and Eversheds, one delegate observed that in their venture capital-backed organisation there was not a collegial atmosphere at board meetings and this raised the interesting question as to whether non-executives and executives will always have common goals. At a deep level it seems self-evident that they must, although they may not all agree with the specifics of these goals on an individual level; just think of the tensions in an NHS Trust or Local Authority between those determined to give the best service to their service users and those responsible for ensuring that the service remains financially viable. At the deep level they both want a financially viable and sustainable service but they have different priorities when making specific decisions.

A model that we have found useful in surfacing some of these challenges is the so-called Iceberg or Levels of Change model.

The Iceberg or Levels of Change model



Source: IES, 2006

All that is actually visible to the outside world is the environment of board meetings and the behaviour of board members. Much deeper under the water are individuals' beliefs about how the world works and what is important as well as, even deeper, their beliefs about the mission or purpose of the organisation, the board and themselves. Dialogue to explore a common purpose and generate commonality about what is important can lead to much more effective boards. If there are remaining or hidden differences at these levels, there is much more likely to be unresolved conflict and lack of commitment.

Providing evidence about what is actually happening in board meetings is an important step in the process of understanding what is really going on (as opposed to what participants collectively believe) and can be helped by the presence of an outsider. As an example, in a recent project, IES evaluated the effectiveness of a board development programme which sought improvements in patient quality, safety and experience that ran within the West Midlands during 2009/2010.

An analysis of the content of one board in the region before the development intervention yielded the following word cloud (in which the size of the word reflects the frequency of its use).

The top 100 words used by the Trust board: pre-programme

Source: IES, 2011

This simple analysis and visualisation clearly highlights where the focus of the board was, whilst the word cloud below shows how this shifted after the intervention.

The top 100 words used by the Trust board: post-programme

Source: IES, 2011

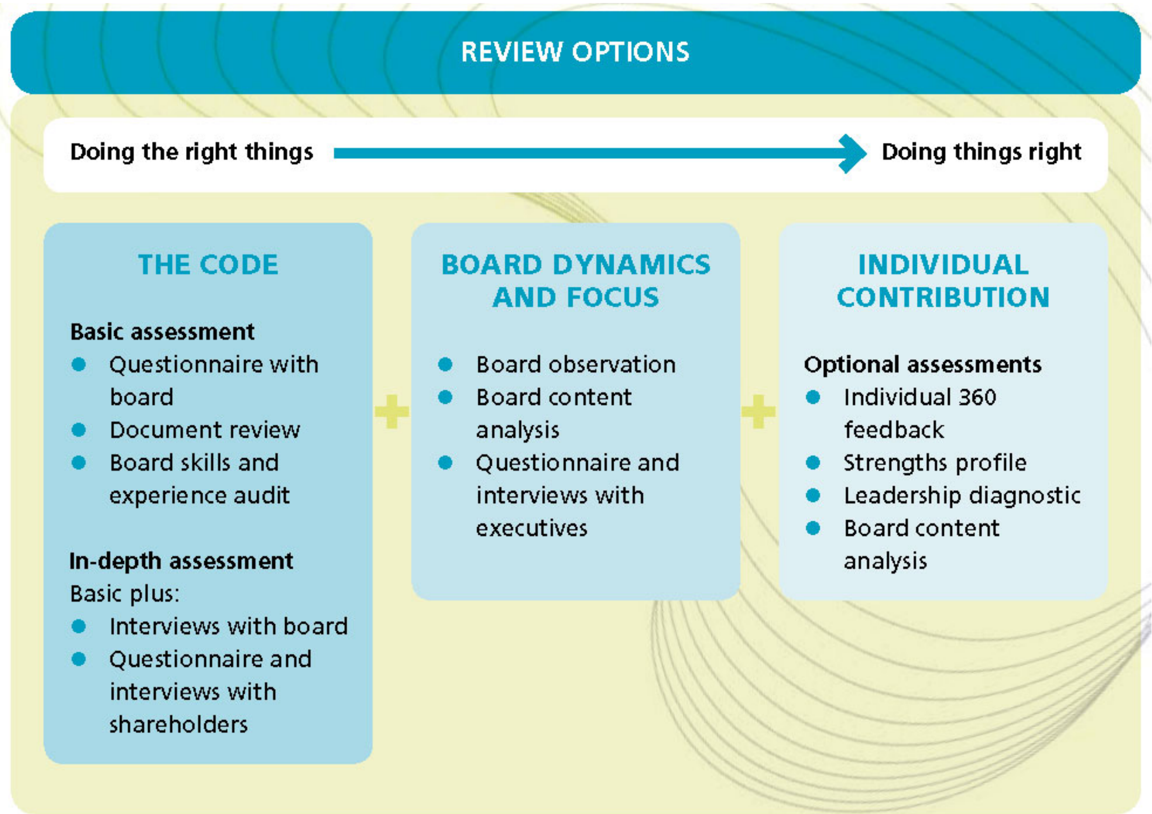
Clearly, there is a move towards a focus on patients and people, and away from commissioning, strategy and report. Simply holding up a mirror to a board can help them understand what they are really spending their time on.

Reviewing board effectiveness

The Financial Reporting Council's Governance Code suggests that 'the board should undertake a formal and rigorous annual evaluation of its own performance and that of its committee and of individual directors'. The Code also includes a new provision that 'evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years'. Whilst the FRC is focused on private sector organisations, it seems reasonable that principles of good governance should apply equally, if not more so, to public and third sector organisations.

From the preceding discussion, any review should obviously cover board composition issues and also fundamental processes of operation and engagement with stakeholders. This is where the core focus of the FRC code is, to ensure that the basics of good governance are in place. It seems clear though that to become a highly effective board any review should also consider the dynamics of what goes on in board meetings both in terms of the interaction between members but also what they spend their time on. A review can go even further to look at the role of individuals in the team and their personal contribution (including, for example, word clouds for individuals).

Framework for different levels of review



Source: IES, 2011

The figure above sets out our framework for different levels of review, which can be tailored to the specific needs of an organisation in terms of breadth and depth.

Some of the requirements of the assessment are relatively straightforward and can be addressed using simple 'tick box' and questionnaire approaches, whilst others are more complex and require skilled observation and assessment.

Whilst board reviews are a formal assessment, we believe it is important to remember that it is about improving performance and so should be conducted in a supportive and developmental way to ensure that participation is full, open and honest.

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IES Approach

Further information about IES's approach to Board Effectiveness can be found at www.employment-studies.co.uk/boardimprovement

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Top ten tips for implementing performance management

Wendy Hirsh, Principal Associate and Peter Reilly, Director, HR Research & Consultancy

This suggested list of 'ten top tips' is taken from our recent performance management research and comes directly from what the organisations' managers and staff felt would help and HR professionals were working towards.

1 Position performance management in terms of managing performance all year round

How performance management (PM) is positioned is important. PM is about how people are managed all year round. This is *the* central message which so often seems to get lost. So managers and employees need to hear about performance management throughout the year, not just when the forms have to be filled in. They should hear about PM in terms of purpose and content, not as an HR system or a set of forms to be filled in. They should hear about PM in terms of priorities, feedback and development and how these link to business results. These messages need to come from senior managers, not just from HR. Even just talking about managing performance (what people do) rather than performance management (an odd piece of HR jargon) may help HR people remember what this is really about when they are talking to others.

Once PM is genuinely an all-year-round activity, this opens the door to using different conversations for different aspects of PM and not cramming everything into the end-of-year review.

2 Prioritise motivating performance and development conversations for all employees

Performance management is for everyone. Its power lies in its potential to motivate employees to do their best. If your system is only there to catch poor performers and talent manage or reward the best, then most employees and their managers will find it a waste of time. Ask yourself: 'What will our approach do for high, medium and low performers? What will it do for those who have been in their jobs a long time as well as recent joiners? What will it do for different levels in the organisation or people working in different kinds of job or different countries?'

The alignment, motivational and learning outcomes of PM all come from two-way conversations – as honest and open as can be managed. Feedback on how people do their work, their strengths and weaknesses, and how they might improve is the thread which runs through all these conversations. These conversations are just as important for the ordinary good performer as for those in difficulty or rising stars. Lifting the performance of the majority of employees by just a small amount is also likely to have the greatest business impact.

3 Keep the system design simple, clear and stable

Managers and employees need clear design and explanation of purpose as well as content – in normal language not HR-speak. Only ask managers and employees to formally record information which they or others will really use.

Endless fiddling with the system design and paperwork does not lead to better management of performance. Keeping the approach as stable as possible makes it more likely that most people will understand what they are doing and why.

The fundamentals of PM are setting priorities, giving feedback and agreeing action, especially development action. All the other stuff – ratings, links to reward, competencies, potential and talent assessments – are legitimate concerns but should not be allowed to compromise the quality of actually managing performance. If your managers are still struggling with giving honest feedback or with agreeing sensible priorities, leave the other clutter out for now.

4 Technology can support performance management but should not drive it

Putting PM paperwork online may have advantages, but does not change it fundamentally or indeed make it any easier. The danger of online PM is that it confuses ease of interaction and recording (which it can help) with a corporate desire for data holding (which often gets out of control). If your management or personnel information systems start telling you what data to hold, how many words you can type, how many managers can submit reports at once etc. then something is very wrong. Make sure any online reference material (guidelines, information about jobs, business plans, development *etc*.) can be easily found.

5 Objective setting is about business alignment and agreeing priorities

What matters in the 'objective setting' bit is that work priorities are discussed and agreed and that individuals understand how they align with what the organisation is trying to do. Priorities do not have to be couched in terms of objectives – sometimes other terminology (eg standards, priorities) may suit the job better. Senior managers have a vital role in communicating priorities and helping others to become familiar with business plans and strategies. Team leaders could also do much more to discuss objectives in team meetings as well as with individuals in their 1:1s. Making business measures of organisational performance much more visible at various levels of disaggregation takes some of the load off complex measurement of individual objectives through the performance review.

6 Any link to pay needs to be simple and transparent

If performance is to be rated, as it often is, and if this rating is to be used to link performance with financial reward, as is also common, then there is a strong tendency for rating and reward to dominate performance management. Far from motivating employees, a lack of trust in the fairness and objectivity of rating and pay can remove most of the motivational potential of performance management.

Designing more elaborate machinery to try and make rating fairer only makes the issue loom larger and extra processes conducted behind closed doors reduce trust.

One has to go the other way and keep rating and its links with pay very simple indeed and very transparent. This cannot remove the concerns about fairness but can reduce the amount of airtime spent on rating and free up this airtime to be spent more productively on real performance and development issues and actions. Positive emphasis on the quality of conversation, not PM as control or administration, can offset the tendency for ratings and pay to seem to be the main outcomes of performance review rather than their proper role as potential supports for managing performance.

7 Clarify and emphasise development actions

Employees – whether excellent, average or poor performers – should all get appropriate support for development as part of the PM process. It does not matter whether this is positioned in terms of some development goals/objectives or some kind of development plan. It does matter that development actions are relevant to both the individual and the business. The term 'improvement' should not only apply to poor performers. The term 'career development' should not only apply to exceptional performers. Many people need development actions both for their current work and for their future career direction. Development actions should reflect an appropriate way of learning something, not just ticking a list of competencies or training courses. HR should strengthen the link between PM and organisational learning needs analysis. This can be achieved either through bothering to read PDPs or through more aggregate conversations with management teams about what they have learned regarding development needs from their PM conversations.

8 HR and senior management must support managers in dealing with persistently poor performers

Managers should use the agreed process for managing poor performers and this will usually be enough. However, some persistent poor performers lift their performance (often including their attendance) for only short periods of time while under the poor performance process and then drop back into their old habits as soon as the period of high attention is over. They are unwilling, rather than unable, to perform and are playing the system. Most managers need expert support from HR and clear leadership from top management to manage this kind of poor performer out of the organisation.

9 Clarify and balance the roles of the line manager and the employee

PM should be, as far as possible, a process in which two consenting adults – an employee and their manager – participate fairly equally. It should also have benefits both for the employee and for the organisation, so needs to balance its purposes with this in mind. HR should always consider both these parties in any communications or training. Senior managers and others (peers, subordinates, customers) can have useful roles either in providing additional feedback (as in 360 degree for example) or in seeing an individual's performance and career in a wider context.

10 Performance management training is part of developing people management capability

Train all managers, especially new ones or newly recruited ones, in how to *do* performance management, not just in how to fill in the paperwork. That means understanding how to align priorities, how to give and receive feedback, how to coach, how to motivate, how to manage poor performance. All employees should be equipped to fully play their role in the process – written guidance or a half hour session is probably not enough to achieve this. Experienced managers are likely to need refresher training and senior managers need skill progression in the art of performance management so they can give wise advice to others on how to handle trickier situations. Not all performance conversations are 'difficult conversations' but they are all important ones. Coaching managers as they tackle demanding performance management situations may be an effective complement to formal training. Such coaching can come from more senior managers or HR experts in performance management or from HR Business Partners as part of the way they work with the line.

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IES Research

A full report of this research and its case studies, *Performance Management: The Implementation Challenge*, will be published later in 2012. The key findings so far, a literature review and full case studies are currently available exclusively to IES HR Network members at www.employment-studies.co.uk/pubs

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Pity the poor manager

Penny Tamkin, Associate Director

Work can be both a blessing and a curse to our emotional and psychological health. On the whole, work is good for us but it can also cause harm when it leaves us overwhelmed or stressed or, at the other extreme, if it leaves us bored or unchallenged, or provides low levels of autonomy. Data on psychological work harm is rather mixed – the UK has relatively high levels of job satisfaction (third out of the EU 27 for satisfaction with working conditions), about average levels of work autonomy (although there is evidence that levels of autonomy have been declining), and relatively low levels of perceived negative impact of work on health (Eurofound 2005). Data from the Health and Safety Executive also shows that illness due to work-related stress has been declining, although some industries report much higher levels than others (health, social work, education and public administration). However, despite declining levels, the impact of stress on the economy is considerable, with 10.8 million days lost in 2010/2011 and an average absence of 27 days. Stress is the UK's largest single cause of absence. Broadly, the message is (to paraphrase a traditional nursery rhyme) that when work is good it is very very good but when it is bad it is horrid.

The much greater prevalence of stress-related ill health in certain occupations has also placed an emphasis on exploring the impact of emotional work demands (*eg* Zapf, 2002). Studies have indicated that 'emotional demands' significantly influence the experience of stress and burnout in those who deal with others in distress in many different occupations (*eg* oncology staff (Le Blanc *et al*. 2001), social workers (Bride, 2007), and police officers (Gershon *et al*. 2009)). Within this literature, concepts of emotional labour(Hochschild, 1983), compassion fatigue (Bride, 2004) and vicarious trauma (McCann and Pearlman, 1990) have been explored. Emotional labour encompasses the demands of some jobs to display certain emotions that may not be genuine, as part of the role (Hochschild, 1983). This can lead to reduced job satisfaction and emotional exhaustion. Jobs that deal with the negative emotions of others also carry risks. Compassion fatigue is a consequence of dealing with the traumatic experience of others and can result in intrusive imagery, trauma symptoms, physiological arousal, distress and functional impairment (Bride, 2004). Similarly, vicarious trauma affects those who provide services to others whose lives have been disrupted by traumatic events.

There is now considerable literature on the effects of these various hazards on health workers, lawyers, counsellors, aid workers, police officers, researchers *etc*. Working with or trying to help others who are in pain is difficult and potentially emotionally and psychologically damaging. Assuming and displaying emotions that you may not naturally feel is equally draining.

These dangers can be ameliorated or exacerbated by the actions and behaviours of managers and supervisors. IES has recently been doing some work for MacMillan looking at how small- to medium-sized businesses manage those affected by cancer (either directly or indirectly through caring for others who are ill). We have explored how managers and organisations can better help those affected and this is clearly important and relevant to limiting the impact of such negative life experiences on workers' well-being. The role of managers in difficult times is in many ways unsurprising as it is consistent with a detailed and growing understanding of the importance of line managers to the engagement, well-being and performance of people at work (*eg* MacLeod and Clarke 2009, see also various IES reports: People to profits, People and the Bottom Line). The overwhelming message is that managers are a vital part of the performance chain in both good times and ill. When people's lives or work are difficult, their managers can help buffer the negative impact on their emotional and mental health, both in terms of the quality of the manager's own relationship with them and in terms of the manager's ability to alleviate some of the stresses and strains inflicted by work.

The evidence is that managers are a precious resource and yet we rarely consider their own needs and vulnerabilities. In fact, compared to the wealth of studies which have looked at the role of managers in making life better (or worse) for others, there is a paucity of interest in the impact of work on managers themselves. Our work for MacMillan has highlighted this gap for us. Hearing the often difficult stories of those affected by cancer and talking to managers about the support they could offer brought home to us how painful this kind of experience can be to hear and respond to, and yet how vital it is that managers respond with warmth and empathy. There is a dual danger here – not only are managers in these circumstances being exposed to others' traumatic life events but they are also potentially undertaking emotional labour when responding. There is almost no work on the impact of emotional labour on managers and the little there is (we could find only one study) suggests similar impacts of the emotional labour of work on managers as is found in traditional caring jobs that are normally studied, *eg* stress and burnout.

This similarity would suggest that managers are as vulnerable to the negative effects of emotional labour as other workers. If this is the case, then research would suggest that these negative effects are likely to be exacerbated by the frequency of the experience of dissonance between feelings and behaviour, and the level of dissonance experienced – the more often a manager is required to act a certain emotion and the bigger the gap between what they are really feeling and the emotions they are required to display, the more negative the effect. This suggests that managers who are more aloof from their staff or who find it difficult to relate to certain individuals will find it more stressful to have to demonstrate interest, warmth and empathy when their staff most need it. The 'best' managers, ie those who relate more naturally and have closer relationships with their direct reports, are likely to find it easier to display the expected emotional responses to their employees' experience of difficult work and life events.

The literature on vicarious trauma also found that the frequency of the experience of trauma increased the likelihood of it being harmful. Vicarious trauma also tends to be worse when the person offering support feels helpless, worse when they are more personally involved (*ie* if they have experienced something similar in their own lives that they have not been able to process), and worse when they are less experienced. If these wider findings are also applicable to managers, they suggest that those managers who are most closely involved with the difficulty being experienced by their direct report, who are unable to resolve the difficulty or be able to 'help' their direct report in anything other than quite minor ways, or who are less experienced in dealing with this kind of event are likely to be much more negatively affected. This would suggest that, if anything, the more engaged managers (as well as those less experienced) will find dealing with the traumas of others more harmful to themselves.

The management role is littered with potentially difficult events, so it is surprising that so little is said about supporting managers to undertake the most difficult aspects of their role better. Managing absence, dealing with poor performance, working with staff who are disagreeable or unlikeable, or helping staff deal with difficult customers or disputes with peers can all take their toll. At the most painful end of the spectrum is working with people who are themselves experiencing a life-limiting or disabling condition or have loved ones in these circumstances. And yet we expect the manager, above all others, to respond appropriately and in a way which helps both the individual, the rest of the team and the wider organisation. We place quite extraordinary burdens on our managers and in doing so place to one side their own humanity and frailty. What is more, although our best managers may experience some immunity from the dangers of working so closely with others, it may be that being an engaged manager leaves people more exposed to others.

However, organisations can do much to help managers cope; one of the strongest factors in resilience to trauma and burnout are support mechanisms. These can be peer support (providing managers with an experienced 'buddy' who they can talk to and share the experience with), ensuring that the HR function can offer emotional as well as process support (making it personal rather than via a call centre is important here), or ensuring that there are external experts who can offer help (Employee Assistance Programmes can be for managers too). Support should also come from the manager's manager who can be uniquely placed to offer help, being one step removed and usually more experienced. What it takes is acknowledgement of the issue, sensitivity to the emotional experience and willingness to encourage managers to share the burden.

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The role of HR in the 'green' agenda

Catherine Rickard, Research Fellow

David Attenborough's *Frozen Planet* television documentary gripped our attention at IES last Autumn, along with millions of viewers across the UK, all transfixed by the spectacular cinematography, remarkable wildlife and powerful message of the final episode about the effects of climate change on the polar regions and implications for the rest of the world. Businesses have a significant role to play in minimising carbon emissions to reduce environmental damage, but the dominant twin drivers of regulatory pressures and moral persuasion mean that the benefits to individual organisations can sometimes be overlooked.

Engaging in the 'green' agenda holds significant corporate opportunities for employers. As businesses negotiate their way through the fragile economic climate, a green shoot for recovery lies in the prospects arising from the development of environmentally-friendly products and services, accompanied by an ongoing wave of interest about what this means for employers in different sectors. Employers are becoming increasingly aware of the need to demonstrate their 'green' credentials with internal and external stakeholders. Customers are demanding socially-responsible business practices, with research from the Carbon Trust revealing that 65 per cent of consumers think it is important to buy from environmentally responsible companies (Carbon Trust, 2011), and workers with pro-environmental values are applying these when choosing their employers.

So, what does all this mean for HR? As champions of corporate social responsibility, many HR practitioners support environmentally-sustainable business practices. But why should those facing other, bigger pressures get involved? The most obvious reason is that the financial drivers of becoming a 'green' organisation are very significant, as energy management strategies can reduce operating costs and reduce margins (Kane, 2011; Ramus *et al*., 2007). By reducing waste and using materials and energy more efficiently, huge cost savings can be achieved. For example, the Carbon Trust states that certain measures, at little or no cost, can reduce energy bills by 20 per cent (Carbon Trust, 2011), which is welcome news against the rising tide of energy price inflation.

These business benefits come in addition to contributing to the ambitious targets set by Government for reductions in greenhouse gas emissions and meeting the obligations imposed on larger organisations. One such obligation is the CRC Energy Efficiency Scheme, which is aimed at improving energy efficiency and reducing emissions in large public and private sector organisations, who are responsible for about ten per cent of the UK's emissions (DECC, 2011). However, the FTSE 350 annual Carbon Disclosure Project 2011 report stated that employers must set more ambitious greenhouse gas emissions reduction targets if the UK is to meet its carbon reduction targets of 34 per cent by 2020. Only 15 per cent of organisations' emissions reduction targets currently extend beyond 2020, but over three-quarters (79 per cent) of FTSE 350 reporting companies are now citing climate change regulation as a risk to their business (CDP, 2011).

Many larger organisations will have appointed managers with sustainability responsibilities in order to manage this risk. However, the HR function may have far more experience of implementing processes of transformational change and managing behaviour change. HR practitioners have a key role to play, drawing on their experience as fully-fledged change agents, to help colleagues with environmental management responsibilities. In the same way that HR staff would be unlikely to introduce new software systems without consultation with the IT function, environmental and facilities management staff should make the most of their HR colleagues' expertise in how to engage staff effectively in pro-environmental behaviours. So, where can HR colleagues and environmental managers find advice? While there is much research on behaviour change in organisations and lots of general information on doing business more sustainably, there is very little evidence on successful strategies in promoting low carbon behaviours among employees. IES is currently helping to fill this gap through exploring the evidence on what works in delivering low carbon behaviour change initiatives within workplaces, for the Scottish Government, DEFRA and the 2020 Climate Group.

What do we mean by 'green' behaviours?

Many organisations already seek to reduce carbon consumption in relation to common types of activity:

1. Energy efficiency (*eg* providing staff incentives such as a cash bonus for savings in energy costs/creating 'energy champions' or networks with power to make changes/turning off lights or IT when not in use/reducing use of heating or cooling).

2. Transport (*eg* encouraging public transport use/restricting or removing car parking/eco-driving/car sharing/cycle-to-work schemes/restricting flying/offering flexible working locations or times/teleworking/online training to reduce travel/ virtual interviewing).
3. Food (*eg* sustainable catering facilities and products).
4. Waste and consumption of resources (*eg* encouraging recycling/removing individual bins/controlling printing/reusing items/sourcing recycled materials).

Transport is one particular type of activity through which the HR function can contribute, as it typically has control of the policies related to this means of reducing carbon consumption. One survey found that around half of UK employers are encouraging the use of public transport and around a fifth are trying to reduce business travel (Zibarras et al., 2010). Technology also enables teleworking from remote and mobile locations. These developments and efforts have the potential to make significant savings for businesses and contribute to protecting the environment but the common challenge, which HR managers in particular can help combat, is encouraging participation among staff particularly if they are not initially interested in the 'green' agenda. The upcoming IES/Scottish Government research is considering this challenge through examining the practices of organisations that have successfully engaged staff in low carbon behaviours, drawing on lessons from social psychology, behavioural economics and sociology.

How can HR practitioners support staff to adopt pro-environmental behaviours?

Because of its wealth of expertise, the HR function has the opportunity to contribute significantly to the 'green' agenda by framing and developing policies that will encourage low carbon behaviours and assisting employees in changing their behaviours.

Embedding 'green' behaviours into organisational culture

HR has a key role in developing an organisational culture in which everyone takes personal responsibility for their impact on the environment and changes their behaviour accordingly (Kane, 2011a). This culture change can result from raising awareness among employees and advising environmental managers on how to select and engage credible individuals to model the desired behaviours and shape organisational norms. Some companies achieve this through implementing mandatory environmental training courses for all employees (Kane, 2011a) or appointing 'energy champions' to promote low carbon activity and its benefits. For example, research has found that nominating an employee champion with responsibility for encouraging resource efficiency is effective in improving the use of resources (AEA, 2009), as they can challenge existing work practices and the habits of their colleagues. HR is well placed to provide support and guidance to help with the nomination, selection and assistance to staff who take up these roles, and in building up their leadership skills.

Creating compelling communications

HR also has the opportunity to contribute to establishing a change in employee behaviour through engaging employees in the various involvement techniques that are helpful in managing organisational change. This might include developing facilitation skills, enabling employees to run self-sustaining groups to support low carbon initiatives, and helping to advise on compelling communication techniques using online and print materials to engage employees. Employees may engage in low carbon behaviours at home but not at work if they lack the facilities, equipment or support needed from their employer. Employees often feel they need to be given the authority or 'permission' to take actions which will generate savings (Cox et al., forthcoming).

Gaining senior management commitment

Despite the importance of employee contributions, we should not underestimate the role of senior managers in leading sustainable management practices. In a survey of 1,500 managers, senior management commitment was seen as an important driver of environmental management practices by 82 per cent of respondents (CMI, 2009). However, gaining this commitment may present a further challenge, with the same survey revealing that 54 per cent of directors are 'climate change cynics' (CMI, 2009). HR practitioners are well used to the need to prove the worth of their activities to Board colleagues and genuine opportunities exist for HR and sustainability staff to build coalitions and engage senior staff in order to gain their support for 'green' behaviours.

Provision of incentives

HR is often best placed to implement incentives to demonstrate greater commitment to low carbon activity by all employees, including senior staff. The FTSE 350 report revealed that staff incentives to better manage climate change issues are now offered by 65 per cent of companies, compared with 51 per cent in 2010 (CDP, 2011). In many companies, for example, this may take the form of employee suggestion schemes welcoming environmentally-friendly ideas in return for a reward. The impact of rewarding and supporting 'green' activity to break existing habits and instil new behaviour is an area that the IES/Scottish government research is examining further.

Provision of feedback

In order to build engagement with environmental interventions, importance is also given to the provision of monitoring and providing feedback to staff about the impact of 'green' initiatives on the business (Carrico *et al*., 2010). If employees are making efforts in these areas and changing their behaviours, they will want to know what difference they are making. Lack of feedback and knowledge of the impact of changes have been identified as key barriers to sustainable behaviour change in the workplace (Plank, 2011). This can be overcome by measuring and reporting energy consumption and carbon emissions at levels relevant to employees, for example, team, department or building level, rather than business wide, to help show how individual employee behaviour can make a difference (Feasby and Wells, 2011; GROW, 2011). HR practitioners can play a valuable role because of their extensive experience of designing and implementing performance measurement and feedback systems. HR staff are therefore in a good position to offer advice to sustainability colleagues or environmental champions/networks about how to provide and disseminate information to the workforce.

Provision of opportunities to make change

The HR function is well placed to provide opportunities to staff to make environmentally-sound choices. For example, elements of the employee benefits scheme offer opportunities to encourage staff to engage in the 'green' agenda (Bartlett, 2011). Energy-saving products and alternative energy providers and services can be added to benefits programmes with relative ease so that staff can benefit from subsidies and spreading the cost of energy-saving installations and services (Bartlett, 2011). For example, the transport and distribution firm TNT has appeared in the HR press for its 'Green and Ethical' category in its benefits scheme, which offers alternative energy providers, low carbon holidays, 'green' car insurance and fair trade and organic products (Paterson, 2011). Some employers also award 'carbon credits' to employees who reduce their carbon footprint. These credits get loaded onto cards which can be used to make 'green' purchases or charity donations (Bartlett, 2011). These offerings can also encourage staff to make energy-saving changes to their own surroundings. Bartlett (2011) says '*by becoming a trusted source for green services and goods, a company can inspire confidence in its employees to make energy-saving changes to their home and lifestyle*'.

Carbon offsetting schemes are another way to get staff involved in the 'green' agenda, whilst also enhancing a company's 'green' reputation (Paterson, 2011a). These schemes allow employees to calculate the amount of carbon they produce through energy use or travel and then offset the damage through donations to 'green' charities. Marriott UK, for example, introduced a 'carbon capture' payroll-giving scheme through the Woodland Trust. Employees can make donations through their salary and can reduce their carbon impact through funding the planting of trees. This scheme was communicated to staff through the company's benefit portal and payslip flyers (Paterson, 2011a).

A 'green' future for HR

Employee morale is implicitly linked to productivity and for many staff working for an organisation with strong corporate social responsibility can boost their motivation. Therefore giving focus to socially-responsible business practice can enhance both financial and reputational benefits (BusinessLink, 2009; Carbon Trust, 2011). The HR function can make a valuable contribution to creating a competitive advantage by engaging with the 'green' agenda, and enhance its own profile by illustrating another way in which HR can help reducing operating costs and improve organisational performance in social and financial terms.

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IES Research

The research that IES is conducting for the Scottish Government and its partners has mapped the types of workplace initiatives being implemented to promote low carbon behaviour among staff. From there, using case study employers, we have been considering the factors which make interventions successful and exploring how these might be replicated in other organisations. We are currently developing best-practice guidance based on this evidence and this, along with an accompanying research report, will be published in March 2012 and disseminated to workplaces across Scotland and the wider UK.

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Obtaining customer feedback on HR: a summary

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Following on from previous IES research into customer views of HR (Hirsh *et al*., 2008), here we consider the process by which these views were obtained. Through interviews with people in the HR function of a number of organisations we discovered not only how they acquire customer feedback on the HR function and its services, but also how they use these insights. Furthermore, the interviews identified various issues with the process of data collection. This research was supplemented by reviewing the content of a discussion on the subject by IES HR Network members and by a literature review.

Other research, using survey evidence, suggests that the majority of organisations do seek the views of the internal customers of HR, but there is a small minority of HR people who seem actively to avoid asking for customer feedback, perhaps fearful of what they or their employees/managers might find out. Others were worried about the time and cost of getting feedback from their customers.

The first question to consider is what is this feedback for? This was not always clear because from one perspective the emphasis in HR management is on improving the performance of *people management*, which takes in the role of line management as well as *HR policy and practice*. From another perspective, the focus is on the *service* HR offers its customers and how well this is delivered. It is the latter that is the concern of this report.

Those organisations that seemed to have the clearest view of the value of customer feedback linked it to some form of improvement plan or journey for HR in the business. This is understandable since HR transformation has been prominent in many organisations and they naturally want to track their progress on their change journey. Our full report, gives several illustrations of how this has been done. The more developed approaches to feedback on HR look to link measures of the HR function with business measurement through, for example, the business impact of HR; the difference between the HR functional and wider people management contributions; the distinction between efficiency and effectiveness; and the reporting of Human Capital metrics.

This leads on to defining who the customers of HR are, since the content of the feedback is related to who gives it. Here again, if it is people management performance that is in the spotlight, then employees will have to be included. If the concentration is on HR functional performance and service delivery, then the customer group will always include line managers, probably senior executives separately and, depending on the service model, employees as well. This is because different customer groups are serviced by HR in different ways. Our case study organisations tended to concentrate most on feedback from managers.

When looking at the nature of the questions asked by HR functions of their customers, there were various foci:

- purpose(s) of HR – what is the function seeking to do
- service use and satisfaction, often for specific areas of HR service
- value or importance of specific areas of HR service
- general characteristics of HR service, which can cover a multitude of other things
- skills and behaviour of people in HR who deliver the service.

Surveys, focus groups and interviews were the prime means through which customer feedback data was acquired, though instant feedback on a service (*eg* via a call centre) was also used. In terms of data collection, some very detailed information was obtained along with answers to general satisfaction questions. Questions sometimes also covered whether HR's performance is on an upward path and a broader view of what customers are seeking from the function.

It is important for HR to present the findings of their customer inputs in such a way that it leads to worthwhile action. We came across a number of methods of doing this including:

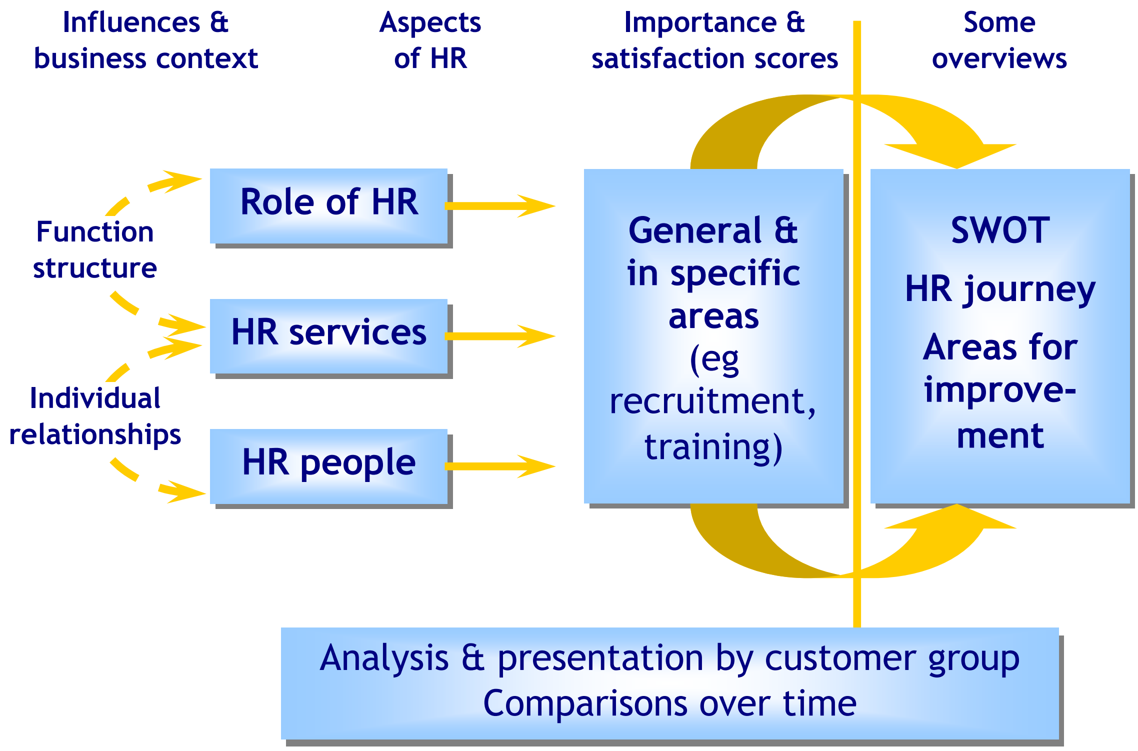
- using a SWOT analysis of the HR function
- setting out the 'HR journey' as customers see it by describing how HR is now and how it could be in future
- applying feedback from managers on various types of HR activities and subject areas to a value/satisfaction matrix to prioritise HR improvement

- showing data on how HR service is delivered to, and perceived by, its customers as an explicit part of broader metrics or scorecards on the contribution of HR and the quality of people management.

Other organisations used press releases and newsletters, websites, powerful visual images and 'stories' of their HR function improvement journeys to convey messages about views received and what was being done.

The insights from this research led IES to construct the following model of how the customer inputs link together and can lead to the end goal of performance improvement.

Presenting customer feedback on HR



Source: IES, 2011

Our member discussions suggested that organisations face a number of challenges in measuring the HR contribution, namely:

- an overemphasis on process and quantitative measures of service
- problems with the interpretation of results
- a tendency towards a short-term rather than a long-term focus
- difficulty with qualitative and softer measures.

The core of these issues relates to an overemphasis on measuring the transactional elements of interaction (*eg* speed and accuracy of service delivery) because they are easy to monitor, rather than the more strategic elements of HR's work (such as influence, quality of advice and impact). Such an approach neglects the fact that many of the so-called 'hard' metrics are simply numerical representations of 'soft' attitudinal data. The irony here is that many HR teams are trying to shift the emphasis of their work away from the administrative to the more strategic, yet customer feedback (and other forms of HR measurement) emphasise the quantitative, short-term performance of the function. This is of course not an argument to neglect doing the basics well and getting customer perceptions on performance in this regard, but that to get at more complex performance issues, more thought needs to go into the method. Critical incident techniques could be used more often to elicit real examples of functional contribution, as could proper evaluations of policy initiatives and change projects.

The case study organisations did not seem to be so troubled by these issues or, rather, still felt it worth the effort to try and obtain the customer perspective on HR alongside other measures. As befits those that have a better-developed customer feedback system, they are more likely to use rather more sophisticated and well-designed techniques.

The conclusion of the report argues for a customer feedback process that is better thought through. This needs a clear purpose, which defines who gives feedback and what information is obtained. Data needs to be well-analysed and reported, and integrated with other business and people management measures. As a service function, HR needs to know how well it is supporting its customers in the organisation, but as a business function it also needs to know how it is adding value. Customer feedback obviously addresses the first but can also make a significant contribution to understanding the second.

IES Research

This summary is from the IES report: *Obtaining customer feedback on HR: Finding out what managers and employees think of HR services and the HR function*, by Alison Carter, Wendy Hirsh, Mary Mercer and Peter Reilly. (IES Report 479, 2011). The report is now available www.employment-studies.co.uk/pubs

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Flexible working for all

Mary Mercer, Principal Consultant and Peter Reilly, Director, HR Research & Consultancy

Introduction

One can argue that the term 'flexible working' is seen by employers and government as something offered (or requested) by mothers on return from maternity leave. The Right to Request legislation, passed in 2003, reinforced this view with its focus on having the right to request flexible working if you have caring responsibilities. The problem this has created is that it has narrowed debate and practice in this area to a specific manifestation of flexibility.

In fact, flexible working can mean many more things. Within the ambit of 'temporal flexibility' one can include annual hours, term time, part time working etc. Or it can easily be stretched to include 'numerical flexibility' like temporary, fixed-term contractor, agency work, etc. One might add 'locational flexibility' that covers home or mobile working or 'functional flexibility' which describes multi-skilling, and task flexibility.

This confusion, or ill definition, of terms is nothing new. We complained previously of unhelpful arguments over the benefits or otherwise of flexible labour markets during the halcyon days of the New Labour government. Blair and Brown spoke positively of the economic benefits of the 'new' system's capacity for labour market adjustment. Certainly, in the 1990s, there was an assumption that we were progressing towards portfolio careers and moving in and out of jobs at a much faster rate. Homeworking was set to spread and working hours to vary more. Charles Handy was an important visionary of this new world, including repackaging IES's own work on the core/periphery model to argue that there would be greater workforce segmentation between organisational insiders and outsiders.

We have heard less about flexible labour markets in the UK of late. If there is not so much overt articulation of the concept of a flexible labour market by the coalition

Government perhaps this is because there is an in-built assumption that it is a good thing and just needs to be further implemented.

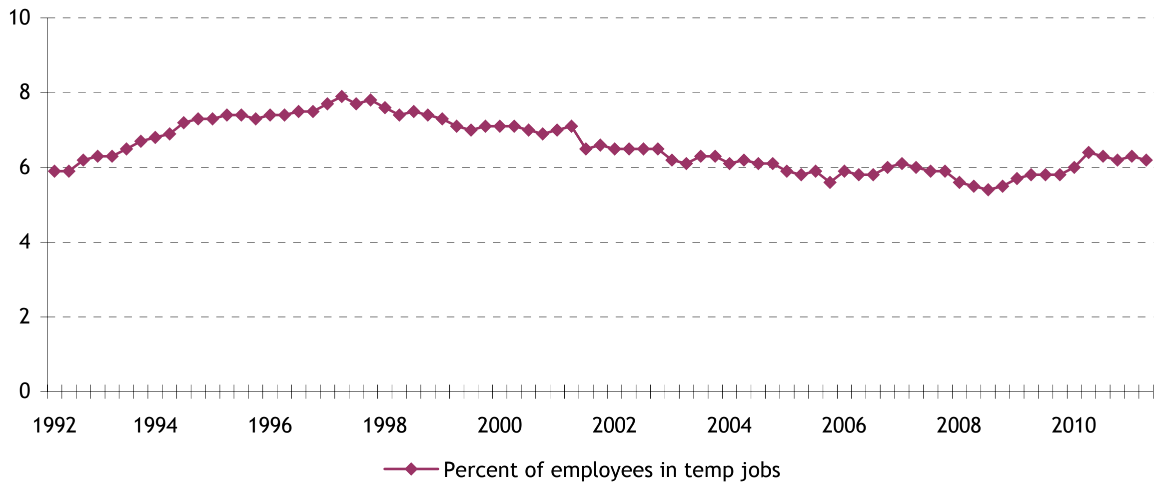
With rising unemployment in a difficult economic environment there is again talk of 'precarious' work for those without a 'permanent' job as well continuing European Union interest in 'flexicurity' (balancing job security with workforce flexibility). Moreover, the UK government is intent on removing unnecessary regulation in order to release suppressed entrepreneurism.

In this paper, we ask whether different forms of flexible work arrangements are on the rise and specifically how flexible working might be considered at organisational level.

Has recession meant an increase in flexible working?

Looking back over the last ten years one might expect to see a growth in all the forms of workforce flexibility. As the figure below shows, this is not true of those working in temporary jobs.

Incidence of temporary employment in the UK



Source: LFS, 2011

Across the different categories (agency, seasonal, casual and fixed term contracts), the proportion of employees is now less than the peak figure of 1997. This might be explained by the view that temporary working peaks as an economy comes out of a recession.

Looking next at indicators of temporal flexibility, there has not been much change between 1999 and autumn 2009. Annual Hours Working has moved from 2.7 per cent of employees to 4.2 per cent. Otherwise, part-time working, flexitime and term-time contracts have risen somewhat but forms of flexible working week have become less common (ONS, Labour Force Survey, Autumn 2009).

Regarding locational flexibility, various forms of homeworking have moved from just below five per cent of the employed population to just above five per cent.

Finally, examining movement between jobs, median tenure with the same employer did fall during the 1980s recessions and in the buoyant labour market conditions from around 1997, but in 2009 had returned to a similar position as in 1995, at something over five years per employer. However, looking at these figures obscures the increasing tenure lengths of women and, until recently, the decreasing tenure of men.

Why are organisations slow to increase flexibility?

So why do we see this picture of government approbation of flexible labour markets and support from parts of the commentariat, but experience such limited change in practice?

There are a whole host of possible reasons that might be the cause:

- Middle (and senior) management conservatism: this is the way we do things round here and we do not want to change.
- Lack of management trust in employees operating flexible forms of working in hours or location. Managers manage staff on their visibility rather than on task completion.
- Organisational dislike of the increased complexity of administering various working hours, types of contract or work rotas (which can be found in multi-skilling).
- Trade union opposition to certain forms of flexibility. This would be more true regarding numerical flexibility (fear of casualisation) than temporal flexibility.
- Employees do not want it. Many people are perhaps quite content with a regular job and regular hours, happy to attend their place of work rather than try to operate remotely. They may share the union dislike of temporary work and be as conservative as their managers in adjusting work patterns or activities.
- Many roles do not lend themselves to flexibility. This is particularly true of locational flexibility – there are some tasks you cannot do from home.

What are the advantages of a flexible workforce?

If we narrow down our discussion to flexible working as it applies under the 'Right to Request' legislation, we see the same pattern emerging of limited development of the idea. Many organisations have drawn up their flexible working policies simply with the member of staff's personal circumstances at the forefront of their decision making; ie the objective is to comply, not to enquire about benefits of flexibility. Only a minority of organisations, certainly in the early days of the legislation, were giving any thought to the needs of the organisation and how flexible working might actually advantage a business, which would thereby have led them to consider other employees apart from working mothers as potential candidates for working hours adjustment.

The Work-Life Balance Challenge Fund, launched by the then Department of Trade and Industry (DTI), where matched funding was given to organisations to explore flexible working options, ran for three rounds in the early 2000s. The funding had a requirement that organisations set baseline conditions, set challenging targets for flexible working, and then measured business outcomes or benefits. Although some of the organisations felt that the timescales were rather short to see a benefit and that it was hard to ascribe any benefit solely to the implementation of flexible working, some organisations did see some steps in the right direction: towards the reduction in stress related absence; increases in returners from maternity leave, and lowered sickness levels.

More importantly perhaps, the idea was planted that flexible working could have a benefit beyond meeting the wishes of employees and that, if implemented correctly, meeting the wishes of employees through flexible working could also make the workplace a more productive place with an impact on the bottom line. The DTI's own evaluations of flexible working in their second and third work-life balance surveys of employees and employers, have reported a range of benefits. The Third Work-Life Balance Employee Survey, conducted in early 2006, for example, found high levels of employee satisfaction and a significant increase in the availability of most flexible working arrangements since 2003. In all, 87 per cent of employees said they were either satisfied or very satisfied with their current working arrangements and almost all employees (90 per cent) reported that at least one flexible working arrangement was available to them if they needed it. The Second Work-Life Balance Survey of Employers (2003) said that the majority of employers who provide work-life balance practices reported that they had a positive impact on employee relations (71 per cent), employee commitment and motivation (69 per cent) and labour turnover (54 per cent). Nearly half stated that these practices had a positive effect upon recruitment (47 per cent), absenteeism (48 per cent) and productivity (49 per cent).

Perceptions of benefits might have been moving on but there was still something in the name. The DTI and most practitioners were still talking about 'work-life balance' which puts the benefits squarely in the court of the employee.

Perhaps it is not until the recent recession that organisations have started to take the idea of flexible working, as a business benefit, seriously. As we reported in our Top Trends report in 2010, both KPMG and Norton Rose had introduced flexible working (in different forms) to encourage staff to reduce or reshape their hours as an alternative to redundancy. As well as finding most staff willing to do so, both organisations had found staff wanting to retain their flexibility as they returned to more traditional working practices, men as well as women and those without children as well as those with.

How should an organisation introduce flexibility successfully (for the business and for the staff)?

If there are business benefits to flexible working (reduced sickness absence, greater productivity and ability to retain staff and keep agile in a recession, for example) then it makes sense to ensure the pattern of flexibility meets the needs of the organisation, and is considered in the light of whether it is appropriate for needs of the business rather than just considering its attractiveness to employee, especially to a narrowly defined subset (namely working mothers).

IES is partnering the charity Working Families in the development of the Top Employers for Working Families benchmarking and awards. The 2011 benchmarking exercise found that a quarter of organisations still consider the reason for the request when making the decision whether to grant flexible working or not. A judgement is made whether one request (such as childcare) has a more worthy basis for acceptance than another (training or general work-life balance for example). This approach:

- Creates division amongst those staff who have flexible working, usually for childcare reasons, and other staff that are more likely to have their request rejected.
- Gives the impression that flexibility is all about the employee and not about the business and often steers managers away from making decisions about requests based on whether the business can support it.
- Promulgates the view that flexibility is all about working mothers (which in turn gives rise to the view held in some organisations that it is only suitable for those not really 'serious' about their careers).

To most successfully implement flexible working, organisations first need to:

- Understand what their work patterns and cycles look like and what forms of flexibility might suit them and enhance their work operations.
- Make it clear flexibility is open to both men and women. Our Top Employers for Working Families 2011 benchmarking found that while 77 per cent of employers reminded women of their Right to Request on return to work from maternity leave, less than half of employers (42 per cent) reminded fathers when they returned from paternity leave.

- Ensure managers know how to evaluate a request for flexible working, equally, fairly and against business criteria (managers and staff have greater satisfaction, and HR can better monitor equality and performance issues when requests to work flexibly are made formally).
- If possible, look at how all members of a team can receive some degree of flexibility.
- Make sure that those who do work flexibly have access to development and opportunities for progression and that managers know how to manage flexible staff (*eg* are not assuming their best performers are those who are simply the most visible to them).

The essence of what, on the basis of the available evidence, we are arguing for is the search for mutuality in working arrangements. The win for employers is that labour inputs (in terms of hours) match labour demands, and for employees that they have work patterns that suit their domestic needs or personal preferences. The benefits should be obvious, but may need to be spelt out to doubters. Moreover, since these tend to be more trust-based than rigid deals, which may in some cases extend into managing staff on work outputs rather than time inputs, they should be constructed in a way that emphasises their positive sum nature and reflects specific circumstances. Thus HR should limit the dead hand of precedent arguments, managers should accept diversity of deals and employees should accept that consistency is not expressed by uniformity of treatment but rather by equality of treatment.

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IES Research

IES is currently researching the impact of flexicurity at company level on women, young, and older workers for the European Foundation for the Improvement of Living and Working Conditions (Eurofound). A full report will be available early this year from www.employment-studies.co.uk/pubs

Our partnership with Working Families resulted in the following report: Mercer M, Jackson S (2010), *Top Employers for Working Families Benchmarking Report*, Institute for Employment Studies and Working Families, which can be located at www.employment-studies.co.uk/pubs

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Many happy returns?

Ben Hicks, Research Officer

Irrespective of the current economic circumstances, organisations are always looking to retain key members of their workforce. Around 46 per cent of the UK labour force are women (Office of National Statistics 2006) and around 80 per cent of these employees will become pregnant at some time during employment (Equal Opportunities Commission 2004). Given that a high percentage do return to work (Coyne 2004), normally around nine months after giving birth (Labour Force Survey 2004), it is important that organisations look at the ways they can best support and retain these employees during their return to work and in subsequent years.

Business case

The costs to organisations of losing these women are plentiful: hiring and training replacements for employees (which can account for 50 per cent of the workers' annual salary (Johnson et al 2000)); the hard-to-quantify loss of productivity attributable to the empty position and the learning curve of a replacement employee; the loss of intellectual capital; the tacit knowledge that disappears with a departing employee or is picked up by a competitor; and the costs of potential legal battles if the employee feels they have been negatively treated during their pregnancy or their subsequent return to work. There are also indirect costs such as loss of morale within the team, or a reduction in employee diversity, which adds different and beneficial perspectives to work tasks.

From an employee's perspective, receiving support from the organisation will also mean that they are likely to feel more valued, and therefore committed, when they return to work. Indeed, research has shown that the more supportive a mother perceives the organisation and management to be regarding her pregnancy and temporary absence from work, the more committed she will be to the organisation and the more likely she is to work for longer and return to work more quickly (Ward

& Wolf-Wendel 2005). Despite these obvious benefits, it is suggested that around one in three women find it difficult or very difficult to return to their previous work. This is detrimental to their personal well-being and the organisation's. So what exactly can be done?

Vive la revolution?

The staunch feminist literature suggests that very little can be achieved in terms of return-to-work success for women after maternity leave whilst the business world still operates within a 'patriarchal' system (LaMonica 2010). The argument is that men dominate the higher echelons of the business world and they have little knowledge or experience of the issues women face when returning to work following maternity leave or the conflict they feel when attempting to balance both work and home life. This means they sometimes don't take enough time in considering such matters and are reluctant to champion change. The ideal male business model continues to perpetuate itself, with traits such as loyalty, performance, and commitment being measured by a willingness to work long hours and overtime, day or night – which is impossible for most working women when returning to work after maternity leave and for several years afterwards.

This view is certainly one which needs to be taken into account when introducing new methods to aid the return to work and subsequent career progression of women, but is everything destined to fail without a revolution or can things be done in the meantime to ameliorate some of the issues women face?

Are policies any good?

More forward-thinking organisations understand the need to support women who wish to have children and return to work, and have introduced work-family policies and programmes to attract and retain these employees. These policies tend to revolve around flexible or home working as a way in which women can balance their work and family life. The intention is to create an equitable and diverse workforce. But does this actually work and are policies alone enough?

The research within this area is still progressing, and there is certainly evidence that these policies can help to some extent (Thompson et al 1999). However, there is a great deal to suggest that these policies, if not managed correctly, can in fact serve to marginalise women in the workplace (Rogier & Padgett 2004; Blair-Loy 2003; Higgins et al 2000). Work carried out by IES on behalf of clients has shown that workers who take advantage of alternative working arrangements (usually women) such as flexible schedules or working from home are sometimes perceived to be less dedicated to their jobs and can be seen as having lower career advancement potential. They can therefore often be overlooked for training or promotion opportunities. These real life working experiences are also supported by other studies which highlight poor return-to-work probability and career progression outcomes for women when blanket policies incorporated by an organisation are blindly followed but not understood or applied appropriately. On the face of it, these policies appear to move away from the patriarchal business ideology and are helping to support women to return to work, but in practice the traditional views are often still present, and restrict women's progress.

So what is needed if policies alone do not work? Certainly more needs to be done to explore the experiences of women attempting to return to work and their career aspirations following this. By understanding these aspects, organisations can better understand how to facilitate their return to work and support key members of staff in their career progression. Research in this area is currently fairly limited (Stewart 2008) and IES will be looking to advance this knowledge in the coming year. Another way forward is, of course, the line manager.

Please welcome… The Line Manager

Some line managers must feel that, in a previous life, they did something wrong for which they are now paying the price. Whenever new policies or ideas are introduced their implementation always seems to revolve around the line manager, burdening them with even more work. The suggestions below may be seen as adding to this burden, but in practice they represent little more than a continuation of good people management skills. Managers who already have good people management skills need not worry that they are being expected to do even more.

Whilst this paper is predominantly focused on the line manager's role in a woman's return to work after maternity leave, it should be noted that they also have substantial influence in the whole maternity process, and that employees' negative feelings during the pregnancy period may also impact on their return-to-work outcomes. Supervisory support in general, particularly a supervisor's willingness to be flexible with physical accommodations during this period, has been linked to lower stress levels for women. Where supervisors have adopted behaviours that have, in effect, penalised the employee or made them feel more 'childlike', such as removing job responsibilities without consultation, or providing unsolicited help, this has led to conflict and negative feelings towards the organisation before the employee has even left on maternity leave (Liu & Buzzanell 2004; Halpert & Berg 1997). When employers and supervisors have failed to provide adequate information on maternity leave policies, these feelings have been exacerbated. It is also worth noting the importance of the two-way relationship between the employee and the line manager, in terms of the actions and behaviours displayed by the line manager and the interpretation of these by the employee. If actions are carried out by the line manager with a genuine concern for the employee but are not interpreted as such, this can also have a negative impact on the relationship of both parties during the pregnancy period.

Work exploring line managers' behaviours during the return-to-work process following maternity leave is much more limited, although quantitative research does suggest that the relationship between employee and line manager is pivotal in determining a smooth return to work (NCT 2009). However, drawing on the relevant health literature on long-term absence, it is possible not only to assume that line managers' behaviours will play an important role in the return to work process and the subsequent reintegration of the employee into the workforce, but also to elicit what behaviours will be most beneficial during this process (Munir et al 2010). Leadership research has suggested that qualities such as ability to make contact, being considerate, being understanding, and being empathetic are all crucial in the return to work of employees following long-term sick leave (Aas et al 2008). It follows that many of these leadership qualities will also be very valuable when supporting women to return to work following maternity leave.

Further health literature also pinpoints the exact behaviours required by line managers that facilitate a successful return to work following long-term sickness absence, during the periods when the employee is absent, on their initial return to work, and in the subsequent months following their reintegration to the workforce. The competency framework has been empirically tested and those behaviours that are felt to be most applicable and transferable to a return to work following maternity leave are highlighted below. For a full list of the recommended behaviours please see Munir et al (2010) or Yarker et al (2010).

While the employee is absent

Regularly communicate with the individual on general issues and also work issues: this will help to alleviate some of the worries and anxieties that women may have developed during their absence, help to keep them in the loop on the progress of the organisation and help with their smooth transition back into the workforce.

Encourage work colleagues to keep in touch with the employee: this will help to maintain relationships between the individual and work colleagues and prevent the employee from feeling alienated when they return.

Reassure the individual that the job will still there for them on their return: research has shown that women fear that their job may have changed or not be there for them when they return to work, therefore it is important for line managers to reassure them that this is not the case (NCT 2009). If it is necessary for the job role to be altered for any reason then the employee must be informed and briefed properly on these changes.

The initial return to work

Meet the individual on the first day back: it is important that after such a long period of absence the line manager meets with the employee on the first day back at work so as to make them feel welcomed.

Explain any changes to the individual's role and responsibilities: these may have been explained during the period of absence, but if not then it is important that they are explained correctly when the employee returns to work. If women feel that they have lost some elements of their job and have been demoted, this can lead to negative feelings towards the organisation and maybe even a potential lawsuit for the employer.

Incorporate a phased return to work: on returning to work, women have reported concerns around childcare issues and feelings of missing their children, particularly in the first few weeks (NCT 2009). It may help if managers can alleviate some of these concerns by initially offering a phased return to work. In some organisations this may not be possible and in this case managers could look to allow more flexible working hours during this period until both the mother and child have adjusted to the situation.

Make the individual's first weeks back at work as low stress as possible: as explained above, the returning employee will have many anxieties regarding their working life and their unusual absence from their child; therefore it is important for the line manager to not overburden them immediately on their return to work.

Negative behaviours to avoid

Displaying aggression: this is something which of course should always be avoided by managers, but even more so when the individual may be in an emotional state (as might be expected when the employee first leaves their child for work).

Going against the individual's requests for certain adjustments to be made to their work: the returning employee may require a certain amount of time to bed themselves back into the organisation and may feel that certain temporary adjustments could be made to their job to support this. If these are rejected then the returning employee is likely to feel harshly treated and the return-to–work outcome is less likely to be successful.

General behaviours

Managing the team: research suggests that the attitudes of work colleagues can have a significant impact on the returning employee, particularly if colleagues feel the employee is being given special treatment or that adjustments are negatively affecting their own workload (Davey & Davidson 1994). Managers can help to alleviate these feelings by encouraging a positive team spirit and encouraging colleagues to assist in the individual's reintegration into the team. This will also help the returning employee to feel that they have been missed by the organisation and their team.

Open and sensitive approach: these behaviours will help line managers to show empathy towards the employee and that they are willing to listen to any concerns they have. Research has shown that the more supportive a manager is, the more successful the return to work is likely to be (Warren and Johnson 1995). Behaviours such as communicating openly, listening to the individual's concerns and responding quickly, having an open door policy, adopting a more sensitive approach and appreciating the individual's wishes will help to facilitate this process.

Legal and procedural knowledge: having an awareness of the company's policies regarding maternity leave and the legislation surrounding the process will enable managers to communicate this effectively to the individual and perhaps ameliorate any stress and concern they have. It will also ensure that line managers themselves work within these policies to avoid any potential lawsuits.

Conclusions

It is naive to think that these behaviours can be so straightforwardly taken from the health literature and applied to all organisations that are managing employees returning to work after maternity leave, but it does provide a starting point and a platform upon which further work can be built. Further research is required to empirically test these behaviours within the maternity process (as opposed to a long-term sickness absence context) and to explore other behaviours managers should adopt to ensure that women who take up flexible working arrangements are not overlooked for promotion and are provided the same opportunities as other colleagues.

Revolution in the long term may be the answer but small changes beginning with the line manager cannot hurt!

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IES research

IES has published a range of materials touching on the subjects in this article, including flexible working and the engaging manager. Visit wwww.employment-studies.co.uk/pubs to search for the topics you are interested in.

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