HR in a disordered world

IES Perspectives on HR 2015

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Introduction

In this year's edition of *IES Perspectives on HR,* we preview some of the themes that will crop up later in 2015, either in our events calendar of Briefings and Workshops, or which we will explore further in our signature events such as our Conference, Provocation and Retreat. These themes acknowledge some of the difficulties for the HR function of the 'topsy turvy', turbulent world in which we operate. Several of our contributors have looked at change itself and how the function steers itself through change or how it helps others do so. These articles fully acknowledge the difficulty of trying to second guess what change is needed, how it might be responded to or how HR can help and assist organisations in adapting to change. What we do know, and highlight, is that change is even more complex than we might traditionally acknowledge and we need new skills to help us cope with it.

In *'Organisational change: finding your way as you journey into the unknown'*, we explore how each change now overlays other preceding or concurrent changes to form a dynamic pattern of mutual interference. More traditional conceptions of change management can be left behind by this constant overlay of impacts so how are organisations and the people in them, able to adapt and thrive? Instead we need to apply the kind of processing skills that are sensitive to weak signals of change and invite others to help create pictures of change and its impact.

In 'Organisation design in a VUCA world', we continue these themes and highlight the importance of organisations having one foot in the past through exploiting current capabilities whilst also stepping into the future by designing organisations able to explore opportunities. This difficult balancing act is supported by engagement and yet engagement is always threatened by change. More established ways of managing change are replaced by evolving fluid approaches, enabled by what is shared across organisations, to promote collaboration, to simplify what is being faced wherever possible, and to mobilise the workforce.

Such shifts are hard to adapt to. It is of course, not strictly speaking, organisations that experience and adapt to change or which need to be supported through it but rather the individuals that make up the organisation. In *'Leveraging coaching for organisational change'* we place the emphasis on how we can help individuals adapt to, support, and lead change better. The evidence is that using coaching to accelerate skills development, help understand change better and work with teams to adapt to change, can help

organisations unstick themselves and offset the all too common inertia that means too much change is attempted and too little achieved.

A companion of change is innovation. We explore the importance of the individual further in *'Innovation: turning good ideas into reality'*, exploring the challenges of engaging employees in innovation, all too often limited by individuals having too little time to enable ideas to come to life or feeling as if they are not 'allowed' to have ideas that make a difference. The term innovation can be off-putting too; all too often people feel that only those in senior or specialist roles get to be creative. Some tried and tested ways of encouraging people to play, of giving them permission to innovate and in creating the structured support of colleagues to do so, can make a huge difference.

The remainder of our contributions challenge the HR function to do things differently, or to think about itself differently. Two articles focus on HR activities: one on an HR staple – competencies; the other on one of the newer kids on the block – talent management. Both suggest that the way in which we take an idea and adopt it can limit its effectiveness. The review of competencies, *'Beyond competence: shifting perspectives of capability'*, argues that our tendency in the UK to atomise (whilst Germany for example favours an holistic interpretation) leaves knowledge isolated, fixed in conception and unable to be summonsed to help with new situations. The effects include dispiriting appraisals, narrow recruitments, rote learning, and the downplaying of theoretical knowledge to the broader detriment of agility (back to change management again) and the ability to deal with novel and complex situations.

A similar message emerges from our reflections on *'The role of the line in talent management'*. HR needs to consider how talent management lands with those who are tasked with bringing it to life – how line managers are key players and how they can feel unsupported, isolated and unskilled in fulfilling their role. Considering how the line can be enabled to succeed should be the focus of HR intervention.

This theme of line manager relationships also runs through a contemplation of *'HR business partners: yes please or no thanks?'*. Business partners are one of the Ulrich model's most endemic manifestations, seen as integral to the running of business units and providing strategic advice and support to maximise performance. However, all too often various pressures on business partners result in a failure to be sufficiently strategic, the tendency to be drawn into low added value activities and becoming too associated with the business unit in which they sit and less willing to toe the HR line. The popularity of the role can also make it harder to find people of the right calibre. These are partly problems of role definition but also of line interface; devolution to the line has proved harder than anticipated. As a result, there is a real tension between strategic contribution and operational support which organisations have not yet resolved.

And finally, we consider *'Ethical dilemmas in HR practice'* and raise the question of where was HR when the all-too-many recent organisational moral scandals were developing?

This raises an interesting issue of the role of HR in ethics, is it HR's role to ensure ethical behaviour or is it the role of every employee? Should HR be the early warning system? What about when the bad behaviour is invisible? Have we become too strategic – too business focused and too little of a challenger of senior management? When it comes to ethics, we all have different perspectives and HR tends to focus on its home territory – ethical issues such as: inconsistency of treatment; favouritism; confidentiality; discrimination; safety; harassment, etc. These are all laudable and important but there are other ethical dilemmas that HR is either blind to or which it chooses to avoid. These are, however, all too visible to other stakeholders: employees; consumers; customers; citizens, for example. We raise the importance of CPD in ethics and the opportunity to debate ethical issues, including these really difficult ones.

Our collection of thought pieces and essays seeks to introduce you to some of our thinking about the world of HR and people management. In a world of change, people management practice is often chasing events, thrown onto the back foot of change and trying to respond to its impact and to diminish its negative effects. All of these papers are united by their desire to place the HR function and its people ahead of events, better able to work with change, support those who experience it, and reflect on their own contribution in the process.

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Organisational change: finding your way as you journey into the unknown

Sharon Varney, Principal Associate

Journeying into the unknown

Let's imagine that you're setting out to travel somewhere you've never been before. Actually, no one has ever been there before. So, what do you do?

Do you gather together all the information you have about your destination and plan a route to get there? Do you set off in the general direction, and try to work out the detail as you go along? Or perhaps you don't even worry too much about where you're going, you just set off and then take whatever turn looks most interesting.

Organisational change is much like travelling somewhere new. Every organisational change journey is unique. No one else will start from where you are, no one else will end up where you do, and no one else will take exactly the same route. So any maps or directions that you get from experienced travellers (best practice organisations) or guides (consultants) will never be exactly right for your organisational journey.

Nonetheless, let's imagine that you are embarking on a journey of *intentional change* in your organisation, setting off on a journey to greater organisational effectiveness. (This is rather different than simply being swept along, perhaps unwillingly, by the tides of change.)

You might choose to be either more planned, or more exploratory and opportunistic in your approach, as described above. Your choices may be guided by your assumptions about change outcomes and how they might be managed, from your past experience of 'what works', and from your personality preferences. No single approach is intrinsically 'better' than the others, although some might be a better fit. Yet, whichever approach you take, once you set off into the unknown, you need to be prepared to find your way in ever-changing terrain.

The changing terrain of multi-change environments

How many change projects are going on in your organisation right now?

Remember to include all the strategic initiatives. Don't forget the integration of that merger from last year; it's not quite there yet. And then there's that office move on the horizon. Now add in all the projects designed to reach new customers; to develop new products or services; to enhance branding; to improve processes; to leverage new technologies; to increase financial efficiencies and value; to build skills and capabilities; to reduce risk; to increase engagement and wellbeing; and to respond to competitors.

Still counting? Okay then, here's an easier question. How many change projects have you got going on, just in HR? I bet that, if you start counting them up, it comes to rather more than you might think.

Most of us work in multi-change environments these days. For many, it has become the norm, we don't even question it. We simply accept that 'business as usual' means change, on multiple fronts. The trouble is that, in a multi-change environment, there are many unknown (and unknowable) interdependencies. As change initiatives collide and people respond, any map you develop of the terrain for change in your organisation is constantly changing.

To make matters worse, the outside world is also in flux. The political, legal and economic landscape; the local and global competitive landscape; the social and demographic landscape; the technological landscape – wherever you look, they are all changing.

So the question becomes: how do you find your way to enhanced organisational effectiveness (however you define it), as you embark on a journey into the unknown, with a changing map of where you are?

Finding your way

Finding your way requires new knowledge, new skills and new tools.

New knowledge: the Dynamic Patterning of change

The first step to finding your way in change is to understand how organisational change really works.

The view taken in this article is that organisational change is a continuous process. It arises from everything that people are saying and doing as they respond to one another in the normal course of their work (this view is informed by Stacey, 2010). Surprising and unintended patterns of change can and *do* emerge as people interact in organisations.

We refer to this as the Dynamic Patterning of change. Imagine a large group of starlings flocking and you will start to get the picture of how unpredictable patterns can develop from repeated interactions (for example, watch *Amazing Starlings Murmuration*, 2010).

New skills: sensemaking and learning

Change leadership requires good *project skills* and excellent *people skills*. In a stable context, those might be enough, but on changing terrain, we need something more. What change leaders urgently need are great *processing skills* – skills of sensemaking and learning – so they can make informed responses to the dynamic patterning of live change to influence the patterns that they and others are co-creating.

If it sounds like a little bit like going round in circles, that's not surprising. Taking responsive action in live change involves engaging in a process of 'double-loop learning'. What that means is learning before responding, rather than reacting more automatically, in a single loop of learning, based on assumptions about yesterday's world. Double-loop learning involves taking in more information, asking questions and challenging thinking to inform action. It helps us respond to, and to influence, changing conditions.

Figure 1: Single and Double loop learning

Single-loop learning	Double-loop learning
An example is a thermostat which receives temperature information and takes corrective action. If the room temperature drops below 20 degrees, then a thermostat set at 20 will turn on the heating. Above 20 degrees and it will turn off the heating.	A person might question whether to set the thermostat at 20 degrees. They might take heating costs and climate change into account and decide to reduce the setting to 19 degrees. Or they might notice that an elderly relative is feeling cold and choose to turn up the temperature setting.

In terms of organisational change, single-loop learning might mean taking corrective action to keep a change project on course in a relatively stable context. Whereas double-loop learning might involve trying to change the course, taking into account the issues and opportunities arising from a dynamic context. For example, if a project appears to be lacking staff engagement, a single-loop response might be to ramp up internal communications. Whereas a double-loop response might be to ask questions, and to look for data about why there might be a lack of staff engagement, before choosing a response. If change fatigue was an issue, then simply ramping up internal communications could be counterproductive.

To engage in double-loop learning, organisations need to be actively asking questions about what is changing; asking what is new, different, surprising or unexpected? Multiple perspectives are extremely valuable, as each person has part of the picture, and no one can see the whole thing. Despite being at the top of the organisational hierarchy, Chief Executives are rarely privy to the whole picture. People may soften 'bad' news and be more inclined to tell the CEO what they think he or she wants to hear.

If you are in charge, whether you head up a team, a department, business unit or organisation, it becomes vitally important to scan for early warning signs of emerging issues and opportunities in change. These might come in the form of an escalation of

previous patterns, such as existing divisions becoming more entrenched. Or they may signify something completely new.

Small differences and disconfirmation may provide vital clues that something is changing. Leaders will want to listen carefully to these clues and to invite rival explanations about what they might mean.

Figure 2: Sensemaking and double-loop learning in change

Actively ask questions:	Seek out multiple perspectives:
What is changing?	Diversity – invite input from multiple people
What is new or different?	Differences – value different views and opinions
What is surprising or unexpected?	Disconfirmation - look out for 'black swans' (Taleb, 2010)
What issues and opportunities might be emerging?	Rival explanations – what might this mean? What else might it mean?

In changing terrain, organisations would be well advised to formally engage in double-loop learning on a regular basis. Yet this kind of internal horizon-scanning is still relatively rare. Since they tend to focus attention on a relatively narrow range of issues, employee surveys and pulse checks can miss early warning signs of change. Organisations would benefit from taking a broader focus from time to time; and should make sure that they embed a double-loop learning process in every change project, to help them take informed action in live change.

New tools: spotting the 'vital signs' of change

The process for finding your way as you journey into the unknown of organisational change is relatively straightforward:

<p style="text-align:center">NOTICE ➡ INTERPRET ➡ RESPOND</p>

Yet noticing and interpreting what is changing can be tricky, as the warning signs of change come in the form of valuable 'weak signals':

> '*As information thunders through the digital economy, it's easy to miss valuable "weak signals" often hidden amid the noise.*'
>
> Harrysson M, Métayer E, Sarrazin H (2014)

What we need first and foremost, therefore, are tools for **NOTICING**, so we know what kinds of signals to look out for when we are amid the press and clamour of everyday life in organisations. Leading edge data about what is changing is likely to be small, every-day, qualitative data. For example, you might notice a dip in energy in a team; a new story circulating; people becoming more 'occupied' in their own jobs; or fewer people meeting up for coffee.

However, this type of data is easy to overlook or ignore. The good news here is that the emergent domains of change revealed by my recent research[1] act like powerful lenses which help to focus people's attention on the 'vital signs' of change. For example, focusing on the emotional domain helps people to notice changes in organisational energy. Regular pulse checks – eg jotting down personal reflections, or doing it with your team – can then help you notice weak signals about emerging change in each domain.

We also need tools for **INTERPRETING** that data. Rather than relying on computing power, this type of unstructured data needs people to make sense of it. A Harvard Business Review blog suggests that we need to *'draw on the faculty of human judgement to focus on the smaller picture in order to comprehend the larger one'*. A great way to do that is to invite people to create pictures about what is changing. These techniques can help people draw out what is salient for them from a wealth of data – even when much of that data is indistinct and ambiguous, as it so often is in change. Sharing and discussing those pictures can help groups to consider emerging issues and opportunities.

Getting on the front foot in change

There are some practical steps that HR can take to help leaders and organisations to find their way in organisational change, as they journey into the unknown.

First, they can introduce people to the dynamic patterning view of change and help them explore the implications. For example, what are the implications for leaders, who lead in the midst of continuous change? How can making sense help them to give sense to their teams and signpost promising routes ahead? What about project leaders and project boards: how can it help them to better understand and manage systemic risks and opportunities? How can an understanding of dynamic patterning help HR and OD to anticipate emerging leadership and organisational development needs?

A second way to get on the front foot in change is to scan for weak signals and make sense of emerging patterns of change in your organisation more formally. You could embed the process in leadership development activities, projects, or change programmes. Or, you could conduct a change health scan across multiple projects and use it to inform your OD programme.

The benefit for leaders and organisations that get on the front foot in change is that they will become more able to spot what is changing, when they need it most. They will be

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[1] See the blue box at the end of the article for further details.

better equipped to seize opportunities and address issues sooner in an ever-changing landscape.

Conclusion

Organisational change is a journey into the unknown, along changing terrain. Finding your way in that changing terrain requires (i) new understanding about the dynamic patterning of change; (ii) new processing skills of sensemaking and learning; and (iii) new tools to help people in the midst of on-going change to notice and interpret what is changing in their organisation. Organisations wishing to get on the front foot in change can develop these new change capabilities in leaders at all levels to aid them in navigating into the unknown.

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Further reading

Read more about single and double-loop learning at:
http://infed.org/mobi/chris-argyris-theories-of-action-double-loop-learning-and-organizational-learning/ [accessed 20 November 2014]

Sharon Varney is one of our IES experts in Organisational Design and Development. This article is based on Sharon's doctoral research, which was chosen as a Highly Commended Award winner of the 2013 Emerald/EFMD Outstanding Doctoral Research Awards in the Leadership and Organisation Development category. To find out more about the ideas in this article or how IES can help you please contact:

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IES Annual Conference: Organisational Development
1 October 2015, London

Our conference this year focuses on the intricacies of organisational change. With markets only slowly recovering from the recession, and the public sector still firmly in austerity, conditions remain tough for many organisations. Adapting to such challenging times has led many organisations to seek major change - attempting to shift cultures, cut costs, and innovate. But we all know that change can go wrong and make things worse rather than better. Change can significantly dent employee morale, well-being and engagement and damage productivity and innovation.

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Organisation design in a VUCA world

Valerie Garrow, Principal Associate and Sharon Varney, Principal Associate

For many people, our working world is becoming ever more volatile, uncertain, complex and ambiguous (VUCA). Although its origins come from the US military, it is not surprising that the term has been readily embraced by the business world as a catch all for '*hey, it's crazy out there!*'

A VUCA world

Let's take a moment to paint a picture of our working context in a VUCA world:

Volatile

In a more **volatile** world, periods of stability can seem like a thing of the past. Instead we have more instability, wilder fluctuations and often very rapid and unexpected change. No wonder many people see change as the only constant, and HR professionals find themselves 'constantly re-organising the re-orgs' as their organisations endeavour to respond.

Uncertain

With so much volatility, not only is the future unlikely to be much like the past, but the present is often very different too. Information is incomplete because it is changing and there is too much going on to know it all. That increase in **uncertainty** makes it much harder to figure out what's happening today, let alone trying to understand what organisational form and capabilities might be important in the future.

Complex

Uncertainty is amplified still further by **complexity**. The technological ease of connecting with people far and wide has created more interdependencies and feedback loops than ever before. Within those intricate and multi-layered networks, actions can have unintended consequences which cannot be predicted. The risk for those designing organisations is: change one thing and you might well change everything!

Ambiguous

'Unknown unknowns' abound in complex, uncertain and volatile environments, and so **ambiguity** increases. Where no precedents exist, it becomes ever harder to reach clarity and agreement about the meaning and significance of events. In come doubt and hesitancy, making it easy for inertia to take hold. Therefore, in a highly ambiguous environment, it can be difficult to reach decisions about organisation design strategies.

Put those four conditions together, and the VUCA working world creates a perfect storm of challenges. The difficulties that organisations face in a VUCA world become clear when you think about companies such as BP and Tesco, both of which have hit the headlines in recent times for all the wrong reasons. Both face massive uncertainty as they strive to recover from highly publicised reputational damage, facing volatile markets, the risk of off-the-cuff comments coming back to bite, for past events to take on new significance, and the potential for unknown challenges from hungry competitors. Yet, at the same time, they need to keep large workforces engaged in order to repair the damage and develop new organisational capabilities to ready themselves for an unknown future.

Challenges for organisation design

A VUCA world poses many challenges for organisation design.

While, in the past, organisation design has often been a response to clear problems, now it is expected to address evermore complex puzzles. Organisation design itself takes place in a changing organisational context, often amidst competing demands for attention and resources, and against a backdrop of multiple change projects.

Agility is highly prized. In a VUCA world, organisations are encouraged to become more agile and adaptable to changing conditions. Adapt or die, is a common mantra. Adapting to one kind of condition is relatively easy. But, when the underlying conditions change, organisations may not be ready or able to adapt. As we enter 2015, many organisations have adapted to financial volatility and downturn in design terms

by slimming down their organisations and instituting several years of cost-cutting. But are these very lean organisations sufficiently primed for growth as and when new opportunities arise?

Traditional approaches to strategic planning, analysis, goal-setting and decision-making can seem out of step with a dynamic and unpredictable world. The paradox is that, while organisations cannot predict the future, they *must* make sense of it to survive. This puts the focus very firmly on learning. But how can organisations design feedback loops which capitalise on the distributed knowledge of all their people? How can they identify and make the most of decentralised networks within their organisations; networks that are usually informal and which may change rapidly over time?

If strategic planning assumes conditions of certainty, a key question for organisations is how can they engage with uncertainty? How can they encourage experiments, designed to provoke, rather than to predict the future? And how can they design and institute processes to make sense of that data, much of which may seem ambiguous, to inform their next steps?

In order to brave the economic storms in the global economy, many organisations have been battening down the hatches, focusing on efficiency, and **exploiting** their current capabilities to maximum advantage. Yet, there is significant value to be gained, we are told, by designing ambidextrous organisations, which are both structurally and culturally suited to **exploring** future possibilities, ready and able to adapt and innovate. And, if achieving those twin goals wasn't challenging enough, organisational designers are also advised to pay attention to the third leg of that stool – **engagement** – or risk it falling over.

> *'Organisational ambidexterity is the difficult act of balancing two diametrically opposed organisational qualities - adaptability and alignment. Adaptability is about focusing on the future. It is the ability to respond to change, to be nimble, to progress. Alignment is about maximising the present, leveraging existing ideas, exploiting markets. The organisation that successfully reconciles both is rewarded with a significant competitive advantage.'*
>
> Birkinshaw J, Gibson C

## So how should this picture of a VUCA world inform our understanding of organisation design (ODS)?

In our latest report we took the story of a Palace as the starting point for an exploration of ODS. The Palace symbolises the traditional, solid, but inflexible organisational structures that have evolved over many years, with silos, hierarchies and fiefdoms, which inhibit the sharing of ideas, innovation and too often the movement of talent.

> *'Often there were so many different passageways that it was easy to get lost…on occasions one might open a door to find the entrance bricked up or go down a long passage to find it was a dead end.'*
>
> Garrow V, Varney S (2013)

The organisation chart presents us with a formal structure of reporting lines but offers no insight to the real dynamics of an organisation.

Figure 3: Formal structure
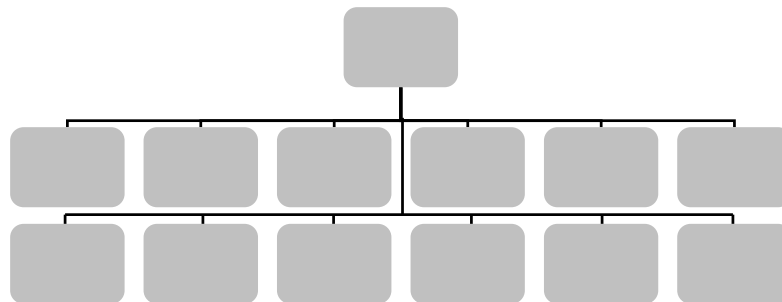
- Simple: few people, clear connections
- Highlights roles with authority
- Stable, until changed
- Centrally designed and planned

Source: Garrow V, Varney S (2013), The Palace, IES Report 501

Figure 4: Informal structure
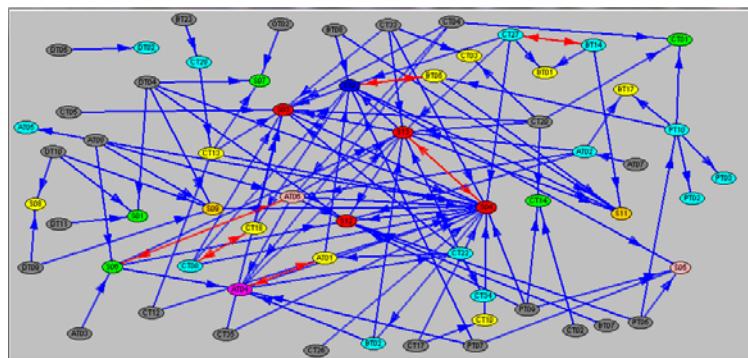
- Complex: many people, many connections
- Highlights people with influence
- Dynamic and continually evolving
- Decentralised and emergent

Source: Garrow V, Varney S (2013), The Palace, IES Report 501

Restructuring using Figure 3 risks losing people with important networks and organisational knowledge. It says nothing about the quality of relationships between people that lead to rapid problem solving. In a VUCA world we need to pay much closer attention to these informal structures.

Since the 'flattening' of organisational structures in the 90s, organisations have struggled to become agile and adaptable. In our story, the enemies outside the Palace 'carried all they needed with them and so could quickly and easily pack up and move, either from oasis to oasis or where the resource or trade was'. Start-ups, for example, have the advantage of little 'baggage' but they also have the challenge of organising enthusiasm and innovation into successful structures that will support growth without stifling creativity. As we navigate a volatile world, this ability to organise and grow is the key to agility. This means we need to approach ODS as an ongoing process rather than a product.

Ganz (BerkmanCenter, 2008) describes it as the 'craft of organising…based on intuitive elements, such as storytelling, strategizing, relationship building' and proposes several enablers:

- **Shared values** that are experienced and communicated emotionally, often through narrative.

- **Shared interests** based on relational understanding, leading to a commitment to work together.

- **Shared structure** creating a space where interaction and creativity can occur, involving shared norms, clear roles and responsibilities.

- **Shared strategy** which turns 'what you have into what you need to get what you want'.

- **Shared action** and the ability to mobilise and deploy resources including time, effort and energy.

Working in the field of social movement, Ganz remains an advocate of enabling and participatory structures that provide clarity, support and stability.

New organisational forms

Many new forms of organisation have emerged in response to new technologies, social media, deregulation and access to global markets. Alliances, partnerships, open sourcing, outsourcing, supply chaining, for example, have led to complex networks of interconnections and cross-boundary relationships. The balance between chaos and order is captured nicely by the 'chaordic' organisation, a term coined by the founder of VISA, Dee W Hock, who turned to self-organisation as a principle for design in the VUCA world:

> *'It was beyond the power of reason to design an organisation to deal with such complexity and beyond the reach of imagination to perceive all the conditions it would encounter. It gradually became apparent that such an organisation would have to be based on biological concepts and methods. It would have to evolve - in effect to invent and organise itself.'*
>
> Hock D W (2013)

Linux, the open source operating system is another example of connecting talent without formal structure as experts self-organised around mutual interest. Described as a 'bazaar at the edge of chaos', there are clear parallels with the enemy tents ranged outside the Palace. People are engaged and involved in decision-making and can respond to, or even pre-empt, challenges around them.

ODS as a process

Co-development has become a valuable method for organisation design. The OD&D Service worked with TSol, the Treasury Solicitors, to integrate the majority of legal services into a single organisation, doubling its size. It required the merger of many legal departments with TSol and there were issues of creating a new brand and identity to reflect the best of what was happening in all the individual organisations. The process of self-organising sometimes feels ambiguous and the outcome uncertain; it requires trust and the opportunity to build solid relationships. One of the HR team commented,

> *'In organisation design you usually have an idea of what the end result will be but the challenge here was to build something better without knowing what that would be. From experience we recognised that there were lots of opportunities but were not sure what it would look like or how best to get from here to there.'*
>
> Garrow V, Varney S (2013)

The benefits of involving people in the design meant that there was more confidence in the process and that while everyone did not agree with all the outcomes, the opportunity to challenge was healthy and helped to clarify and refine the vision for the kind of organisation they wanted to achieve.

Furthermore, aligning design with values and a vision for the future reduces the need for controls and procedure, enabling organisations to adapt and evolve organically without the need for major change programmes. This agility is the key to navigating the volatility, uncertainty, complexity and ambiguity of the global economy.

Some final thoughts

A VUCA world presents a lot of dilemmas: how to balance risk and creativity; how to mobilise without losing control; how to provide leadership during bottom-up change; and how to reduce unproductive complexity without oversimplifying the risks.

Over the past decade we have seen some spectacular institutional failures and we clearly still have a lot to learn about designing organisations that are able to navigate the challenges of the VUCA world. How can organisations avoid this 'system blindness', a kind of 'group think' which leads them to wilfully ignore or be simply blissfully unaware of internal or external threats? The reasons might be structural, cultural or both.

Our sense is that organisations must:

■ Provoke, rather than predict the future – and learn FAST!

■ Question, challenge and look outside the 'palace walls' to see what the enemy is up to.

■ Promote collaboration (internally and externally) and the exchange of ideas and information.

■ Simplify the environment, making it easier to work in.

■ Mobilise the workforce and fully engage their talents and creativity.

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IES Annual Conference: Organisational Development
1 October 2015, London

Our conference this year focuses on the intricacies of organisational change. With markets only slowly recovering from the recession, and the public sector still firmly in austerity, conditions remain tough for many organisations. Adapting to such challenging times has led many organisations to seek major change - attempting to shift cultures, cut costs, and innovate. But we all know that change can go wrong and make things worse rather than better. Change can significantly dent employee morale, well-being and engagement and damage productivity and innovation.

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Leveraging coaching for organisational change

Alison Carter, IES Principal Associate

It seems to me that the coaching going on in most organisations is carried out in isolation from the organisation's change agenda, whereas if it were integrated I believe that it could be used to support the changes going on. Even if full integration isn't possible, a better alignment or direct connection is likely to make a difference to the success of the organisation.

Organisational change interventions definitely need some help! According to research approximately 70 per cent of organisational change initiatives fail: a success rate of only 30 per cent. At the same time, the gap between expecting change and being able to manage it is growing bigger. So it is clear that organisations need more effective strategies and methods to accelerate and sustain organisational change.

In this article I outline some current issues with how coaching is being implemented and where some organisations may be missing a trick. It is not that coaching is being done badly. Far from it, standards of practice in delivering coaching to individuals has never looked higher. My observation from conducting coachee surveys and many programme evaluations is that coachee satisfaction with their coaching experience is usually at least 90 per cent for established coaching programmes. I see lots of evidence of good practice and individual benefit. The problem is I don't see enough evidence of business benefit too. And I believe both can be achieved simultaneously.

What do I mean by 'change'?

There are various sources of change that impact on the workplace and individuals during their working life. At the organisation level, change arises from product/service innovation or improvement; market conditions; restructuring; mergers and acquisitions; leadership; and business strategy. At the team level, change arises from new products/services; increasing or decreasing customer demand; turnover of colleagues/team members; new team leaders, and ways of working together. For individuals, change also results from promotion; job

role/responsibility; location; culture, and different hours/pattern of work. Managing these different types of change may require different approaches, but fundamentally, change leaders need to ensure that they support their organisations and staff through them all. Otherwise the anticipated benefits may not be realised.

Evidence on outcomes from coaching

With high demand from HR and management functions, the continued investment in coaching initiatives by organisations is unsurprising. Anecdotally, feedback from coachees/employees over many years has tended to impress organisations on the effectiveness of coaching. Academics and coaching researchers have added their support to this view with mainly favourable reviews in the literature on coaching outcomes.

Positive outcomes for organisations include:

■ leadership effectiveness

■ increased productivity

■ job retention and loyalty to employer

■ improved customer experience

■ return on investment

■ adapting to change more effectively

■ changing behaviours

■ the ability to address workplace conflict.

Despite all these positive claims, there remain some uncertainties or gaps in the research evidence. For instance, we don't yet know the relative effectiveness of coaching compared with other training or development options. In addition, we don't know whether achieving benefits for individuals is at the expense of benefits for the organisation (or vice versa) or whether the predominant view among coaches is correct (ie that benefits for individual employees, especially in terms of enhanced personal effectiveness and personal productivity/performance, will over time feed through into benefit for the organisation).

How coaching could be supporting change

The different types of coaching can all impact on change more directly, without having to wait and hope! Examples include:

■ One-to-one coaching can help individual leaders at all levels to clarify their role in a change initiative; develop a compelling case for change; deal with resistance; to become a role model or champion; build relationships and secure agreement from key stakeholders; and develop communications plans to influence others to change.

■ Peer coaching can accelerate skills acquisition and help individual staff in applying new knowledge or skills or behaviours in a shift to a new role, new product or new customer focus bought about by an organisational change.

■ Managers adopting a coaching style of management can help their staff to understand the importance of a planned change, how it may affect them and what they can do to help and support the change.

■ Team coaching can help a team to understand where it is in relation to what will make it effective. This often involves a focus on two aspects by the team: Firstly, the hard business imperatives such as goal and role clarity around improving increasing productivity, innovation or organisational change; action planning to support the change; and team discipline. Secondly, the softer issues which include mutual trust; commitment and accountability for the team's success and failure; ways of working together; and team members' relationships with the leader.

Making coaching work better within organisations

The business and HR press over the last decade has also advised on how to make coaching work better within an organisation more generally:

■ Clarifying whether the organisation/division/team is ready for coaching. Insight can be gained by reflection on the culture (are relationships, learning and innovation valued?); business context (is there a future-orientated strategy?); and HR context (do reward and promotion systems encourage employees to be helpful to each other?).

■ Establishing at the start the expected benefits or outcomes to be achieved and how you will measure or evaluate success.

■ Addressing individuals' needs whilst also ensuring the 'big picture' fit with the organisation.

■ A focus on continuous learning and adopting a coaching culture within organisations (eg building feedback into every development conversation and performance review) and maintaining a long-term focus.

■ Ensuring commitment from senior management for the coaching programme.

Areas of disconnect between coaching and the sponsoring organisation

Despite all the advice, IES' work with companies over the last decade has revealed some common gaps in coaching practice between individual coaching engagements and the sponsoring organisation. I am concerned particularly about three aspects:

1. Unclear development goals.

2. Managers not sufficiently engaged in the coaching process.

3. Unsupportive organisational cultures.

Unclear development goals

'Unclear development goals or lack of agreement with their coach on their goals' was the most frequently reported barrier to achieving successful outcomes from coaching in the international coaching effectiveness survey of 644 industry professionals from 34 countries conducted jointly by IES and James Cook University (Australia). It could be that goal-setting processes are not working smoothly in these cases or that the demand for coachees to set goals was not welcome by one of the parties. This would lend support to the view that the simplistic prescription of SMART goals is not always appropriate and can even be damaging in the context of a complex and rapidly changing world.

Alternatively, it could be that unclear development goals are an organisation issue rather than a coach/coaching model issue. Interviews with external coaches during programme evaluations, reveal experienced coaches who are well aware of the advantages and limitations in their coaching practice of goal pursuit. They describe a nuanced understanding of goals, with the possibility for bringing greater impact and sophistication to their coaching engagements. We know that support from an individual's boss for the coaching experience can make a difference. It may be that clarity and honesty from the boss/line manager about the organisation goals, the reasons for nomination for coaching and what they hope the outcomes will be is what is important here, rather than more generalised 'support from my boss' throughout the period of the coaching.

Disengaged line managers

Line managers are key stakeholders in the coaching process not just to support goal-setting but also in enabling the transfer of learning from coaching back into the workplace, and in supporting changes that coached staff want to make. Managing change at the individual level is within the control of the person who is being or has been coached. However, many of the changes that coached staff have been inspired

to make at the team or organisation level may need active support, or at least co-operation, from others within the organisation.

A lack of management interest or accountability for the outcomes from coaching may explain why many organisation-sponsored coaching programmes result in personal and career aspirations taking precedence over business objectives. In one organisation, IES found that, of the 88 coachee action plans analysed, only 17 per cent of the coaching objectives listed were in any way related to business objectives. I think that is worryingly low. Are you sure it would be any higher in your organisation? Even when a three-way contracting approach is adopted, where the employee's boss is expected to represent the organisation's interests, I have observed that managers of coachees rarely play an active role. There is clearly an opportunity for many sponsoring organisations to strengthen the link between individual coaching engagements and the short, medium or long-term priorities for organisations. Greater engagement by managers would seem a good place to start.

Unsupportive organisational culture

Some coaching engagements and programmes are set up with specific aims and named senior management sponsors or champions. Programmes may be modified over time in response to shifting business priorities and personnel may move on. In these circumstances it is easy to see why roles and responsibilities in support of coaching (beyond coaches and coachees) may become blurred or forgotten. The coaching infrastructure to deliver internal coaching may continue but the coaching aims or target audiences for the coaching very often change.

Organisation culture is critical. A coaching-friendly organisation culture is one where relationships, learning and innovation are valued within the organisation and where employees feel able to talk openly with colleagues about their challenges and mistakes. I have observed that staff working in organisations with a coaching-friendly culture are much more likely to be able to transfer the learning from their coaching and make it part of their daily work. The IES/James Cook University survey of coachees found that an unsupportive organisational culture was statistically predictive of limited coaching effectiveness. This means that, whilst coachees are able to overcome the vast majority of barriers they face during their coaching and still perceive their coaching to have been effective, coachees reporting the culture of their organisation as a barrier are likely to perceive their coaching to have had only limited effectiveness or not been effective at all.

Peter Hawkins presents organisational case studies and advises on how to harvest the organisational learning from the '*thousands of coaching conversations*' and the potential that exists for coaching to drive systemic change within and between organisations. One of his suggestions is periodically to get coaches together and

collectively identify patterns and themes on challenges and disconnects from non-attributable coaching engagements.

When all these listed gaps in the coaching research and practice are taken into account, it is reasonable to think that coaching's potential as a tool to support organisation change is not yet being fully exploited and that organisations have opportunities to increase impact.

## How to integrate coaching and organisational change

In October 2014 IES ran a workshop for its HR Network members on this subject. We were lucky enough to have two international leaders in organisational change management joining us to present their views (John Bennett Ph.D., Associate Professor of Applied Behavioural Science at the McColl School of Business, Queen's University at Charlotte, USA and Mary Wayne Bush Ed.D formerly led the Change Management practice at a US Fortune 100 firm, Raytheon Systems). They are co-authors of a book which advocates coaching as '*the intervention of choice for driving organisational change'.* They explained their views on change as follows:

> '*Organisations and groups are not capable of changing unless and until people within them change. Organisational change is inherently about individual change at the behavioural level…When well-planned and deployed; these individual changes are aligned and directed towards a common agreed-on goal. When they are not, the changes can appear to be random and diverse, and perhaps even undermine or limit the organisation's goal attainment.*'
>
> Bennett J, Bush MW (2014)

Bennett and Bush describe their concept of 'change coaching' as a broader, more strategic concept than 'change management', which recognises that change is now a constant in organisational life: it is 'the new normal' with a focus on multiple, often iterative and overlapping, changes over time rather than a series of isolated events. The IES members at the event recognised this description of constant change within their organisations. The goal of change coaching according to Bennett and Bush is to help individuals or groups successfully implement the desired change and to develop increased capacity to make future changes, resulting in mastery. The authors shared their Mastery Model with us, as shown in Figure 5.

Figure 5: The Mastery Model
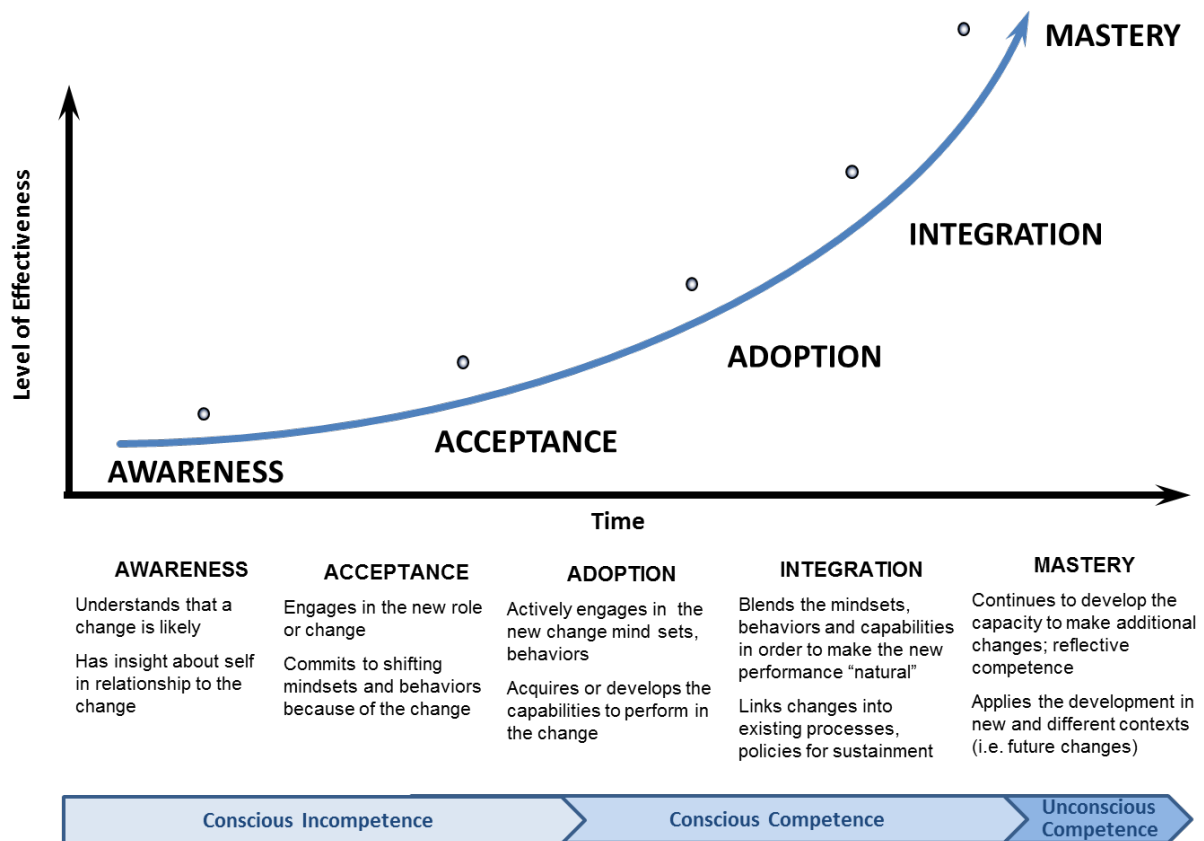
Source: Bennett and Bush (2014)

The five stages in the Mastery Model – awareness, acceptance, adoption, integration and mastery – apply to the experience of individuals moving through change, and also the mastery of skill of change coaching itself. The authors point out that not everyone in an organisation moves through the stages of change at the same rate. As they explain:

> *'There is often considerable resistance, and variance in the timing and behaviour of groups or individuals, but when thinking of the organisation system as a whole, it is often possible to see the progress through the above stages.'*

During discussion sessions, IES members at the workshop identified a recent major change initiative that they were familiar with and reflected on how current success might have been/can still be improved through using coaching. The majority of attendees felt that their organisations struggled to progress beyond acceptance of change before losing momentum, whilst a minority felt their organisations had reached the adoption phase where individuals were using the skill-set and

behaviours required by the change. All aspired to reach integration (where the mind-set change is integrated into the DNA of the organisation) and mastery (where the organisation has learned how to change itself next time and subsequent times).

There were many ideas emerging from the workshop on how using existing coaching infrastructure to better effect could support the changes hoped for, including:

■ Minimise resistance to the change messenger (usually senior managers) by team leaders and supervisors coaching their staff to understand, thereby securing buy-in to the personal opportunities created by the change.

■ Prioritising available coaching 'places' or capacity for the team members leading the change to ensure they have the appropriate skills to execute required improvements.

■ Coaches ensuring managers and leaders build effective review processes into their change strategies and plans so that issues are addressed in a timely manner before momentum is lost or inertia takes over.

■ Coaches to challenge team leaders to be realistic about what can be implemented within existing workloads.

I believe these ideas have much wider resonance beyond the workshop and provide key insights for any organisation seeking to integrate change or which aspires to be a 'change master'.

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IES Workshop: Leveraging coaching for organisational change

The workshop described in this article took place in December 2014.

IES HR Network members can download the documentation and presentations here: www.employment-studies.co.uk/2014/leveraging-coaching-organisational-change

Innovation: turning good ideas into reality

Maggie Smith, HR Membership and Business Development Manager

In our fast-moving working lives, innovation has become something of a buzzword along with 'strategic thinking' and being 'commercially minded'. But what do we mean by innovation, or when we say we want our people to behave innovatively, or that ours needs to be an innovative organisation? And how on earth do we start doing it?

To most people, innovation means doing something new or doing it in a new way. In our work at IES, we go a little further and define innovation as creating value by doing or creating something new. Innovation for innovation's sake is a bit like change for change's sake. Without purpose, advantage, and improvement it becomes meaningless and has the opposite effect in terms of engagement and performance than you would hope.

By new, we don't mean always mean brand new. Often the greatest benefits can be made by refining and renewing what's already in place. Not tinkering around the edges and adding bits on, but a thoughtful review building on what is already successful – taking an appreciative inquiry approach by asking, 'What's working well and how could it be even better?'

What is important is the outcome not the process, although below are a couple of tested frameworks that can assist. So, innovation for what? Innovation appears in many guises, not just something that is new and tangible, although the innovation of things (product innovation) is certainly important. In innovation workshops it is often this sort of innovation that is cited first: the Dyson vacuum, Edison's light bulbs and so on. Equally important, and often overlooked when innovation is being considered in organisations, are process innovation, service innovation, organisational innovation, and market innovation. As with change, innovation can be incremental or radical.

When we talk about innovation in terms of leadership, it is recognised that setting out to be innovative is a bit like setting out to be inspirational: a worthy intention but tricky to deliver. At best, we can strive to create an environment that fosters

innovation (and its partner in crime, creativity), and there are numerous approaches and techniques we can employ to help in that quest.

Typically, a number of elements need to be in place for innovation to become commonplace in an organisation, such as ideas, culture and process. Generally, there is no shortage of ideas in organisations; however, it is less usual for something to be done with those ideas – even the good ones. A number of reasons exist for this. We're often so focused on getting the job done, full steam ahead, that the necessary space to explore and implement ideas is often lacking and good ideas are left to wither. Very often the people with the best ideas for improvement are front-line staff rather than managers and yet it's often the case that these people are discouraged from sharing their thoughts. Either they don't think it's their job, only some people are allowed to have ideas (especially if you have a 'creatives' bit), or they don't know how best to articulate their ideas or move their ideas along.

Workshops about innovation are often partnered with creativity – *Inspiring Creative Thinking and Innovation, Creative Thinking and Innovation in the Workplace…*and it's often this creative aspect of innovation that puts people off, or makes them think it's not for them or they can't do it. When we ask a group of people if they're creative, the overwhelming response will be a somewhat embarrassed 'no'.

Of course, once we start to talk about what it means to be creative, minds change. We tend to think of creativity in terms of something arty. Indeed, 'I can't draw' is often the response to the question. Anyone who travels frequently on London Underground is creative: whenever your usual route is closed to you, you find previously unexplored ways to reach your destination. In fact, whenever we're faced with a block, most of us will find a way to get where we need to be, and that is creativity in action: coming up with something that wasn't the original plan.

Anything that moves us beyond our front-of-mind thinking and prompts us to reflect on something and find a better way of doing that something, is tapping into our creativity and ability to innovate. Young children have this sort of thinking naturally – they haven't yet started to get in their own way, or listened to others telling them what's possible, what's allowed and what will work. This sort of thinking is called divergent thinking and it drops off alarmingly with age (98 per cent of three to five year olds can think divergently; 10 per cent of 13 to 15 year olds and just two per cent of 25 year olds). Happily, there are things we can do to encourage divergent thinking.

> *'Every child is an artist. The problem is how to remain an artist once we grow up.'*
>
> Picasso P

Ways of activating our creative thinking:

■ Play: even fiddling with a bit of blu-tack whilst listening or thinking about a better way of approaching something will encourage creative thinking. Some years ago the DfT opened an *Ideas Lab* in its offices in Victoria Street and it was no accident that the worktops were filled with those little puzzles we can fiddle with whilst working on something else.

■ Draw or doodle: yes, even if you can't. Everyone can draw a stick man and others can tell what it is. Some people doodle so they can better listen, and doodling while thinking or working as part of a group on a solution can help access new or forgotten ideas.

■ Close your eyes and imagine a number eight lying horizontally across your mind's eye. Trace the shape of the figure and match this to your breath, breathing in on the up strokes and out on the down curves. Activities that work across our bodies and our brains 'wake up' the thinking we don't use every day. Standing and lifting the opposite knee to elbow will also work, but isn't so much one for the self-conscious.

■ Mindfulness, or meditation, has been shown to increase creativity and divergent thinking. It also helps with focus and choosing where to direct our thoughts. There are many helpful resources available – a good app to try is at: www.headspace.com.

Harnessing this creativity into innovation is the next step and some years ago, an American organisation called The Enterprise Development Group (EDG) shared a couple of frameworks with a number of colleagues (workshop held at The Work Foundation, London, 2007). These frameworks test ideas to see if they're worth developing and suggest a quick and easy path of doing so, which can be used by groups made up of any colleagues or indeed with people from outside of the organisation. The first of the two frameworks, CO-STAR, tests if an idea is worth pursuing. It addresses six key areas which show if the idea 'has legs' or can be dropped (this in itself has been reported as useful by practitioners who then let go of something that's been at the back of their minds for some time) or refined in some way. It helps to stop lots of time and effort being spent travelling in the wrong direction. In workshops, no more than 20 minutes is spent developing the CO-STAR proposition. Of course longer could be spent, but we've found that the results don't significantly improve.

> *'To achieve great things, two things are needed; a plan, and not quite enough time'*
> *(This quote is generally attributed to Bernstein but no originating source is given)*
>
> Bernstein L

Figure 6: The elements of CO-STAR:

Customer	Who are the customers/users and what do they need to be better?
Opportunity	What's the full potential and added opportunity of the proposed innovation?
Solution	What's the solution and how does it meet the need?
Team	Who needs to be on the team – this may change at different stages of the innovation? Consider affiliates and people from outside the organisation who might be useful
Advantage	What's your compelling advantage over what already exists?
Results	What will the results of your innovation be?

Source: Gyorffy L, Friedman, L (2012)

EDG encourage divergent thinking throughout this process. A prototype or model of some sort that catches the essence of the idea proves invaluable in helping the group engage with the idea and improve it in ways that straightforward discussion doesn't always prompt. It also makes best use of the preferred working and communication styles of all in the group. It is not uncommon for these models to then form part of the pitch presentation (see RIIS below) that follows – it saves a lot of words and time.

Once the CO-STAR framework has shown that the idea is one worth pursuing, the process is broadened to include colleagues and others who can be useful for feedback, permission, resources and improvement. The second framework is the Rapid Idea Improvement Session (RIIS). Again, and as the name suggests, this is a quick intervention. This session is to gather feedback to further refine the solution – the process is one of iteration. The owners of the innovation will present their idea, the CO-STAR pitch, to a specially invited group. They consider who they need in the room at this stage and that will depend on what they want from the meeting:

■ Is it just for feedback? Often the first session is.

■ Is agreement to go ahead being sought?

■ Is resource being requested?

They will make a short presentation (typically three minutes long) in which they present their idea using highlights from the CO-STAR concluding with the request: what it is they want from this particular group. If it's a feedback session, an appreciative inquiry approach is used. Gold feedback describes what's really good about this idea and green feedback asks how it could be even better. Feedback is received silently by the innovators. This important step allows the idea to build and be refined in the discussions in the room – no ideas are stupid here, because even flip comments can spark a really helpful suggestion from elsewhere.

Toyota, after introducing these methods, found that over 90 per cent of the suggestions put in the organisation's suggestion boxes were adopted. CO-STAR and RIIS enabled those suggestions which were not going to work to be dropped and those that were the good ideas to be presented in such a way that success was so much more likely.

Organisations using the model are always surprised – and pleased – at how quickly they can make progress with an issue and how rewarding the process is for those taking part. These frameworks provide the necessary structure for play and creative thinking to thrive. They provide guidance that gives those looking to innovate, an arena within which to do so – making the whole process less daunting and more do-able. To return to where we began, adopting these techniques can give organisations the impetus to making innovation more possible and how to make a start.

> *'When the ingenuity and aspiration of a group are paired with the discipline of innovation, magic happens.'*
>
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> ## IES Annual HR Directors Retreat 2014: The HR Director as Innovator
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> To find out more about this topic, IES HR Network members can download the documentation and presentations from the event page on our website:
> http://www.employment-studies.co.uk/2014/hr-directors-retreat-innovation

The role of the line in talent management

Wendy Hirsh, Principal Associate

Talent management is one item on that ever-growing list of things that HR is asking line managers to do. For managers this particular area is often confusing and frustrating.

■ 'Talent management' seems to come at managers out of HR and the phrase itself makes it seem unfamiliar. In fact it's only the rather unhelpful word 'talent' that's new(ish). The underlying reasons for talent management and the fundamental practices it involves are as old as the hills, but the jargon and some of the tools too often block managers from understanding what it means in practical terms.

■ HR defines talent management in directly contradictory ways. There is often a message about 'everyone having talent' when at the same time the tools managers are asked to use may define 'talent' to mean people who can become top executives. HR really needs to use language clearly and consistently.

■ Talent management can feel like a series of data requests from HR followed by little or no action. As explored below, talent identification with no follow-up in terms of development and deployment is a massive waste of time.

HR professionals could help line managers from the outset by being much clearer in their own thinking – and communication – about talent management.

Managers also need to understand their role, and indeed their limitations, in supporting talent management. Here we focus on just four aspects of the line manager's role: talent spotter, career discusser, talent developer and collaborator with other managers.

The line manager as talent spotter

The first step in talent management is often taken to be 'identifying talent', but here the term 'talent' is pretty useless unless we help managers to answer the question: 'talent for what?' Organisations may be asking line managers to do several things here:

- Identify those individuals – usually a very small proportion of the whole workforce – who may have the potential and aspiration to reach very senior management levels and/or general management (in the sense of managing across functions). This is what businesses often mean by 'high potential'. Sometimes 'high potential' is not so specific. For example managers looking at employees in early career may be able to spot people who seem much more able than average – but neither the individual nor the manager yet knows what career direction they may go in.

- Sometimes the role of 'talent spotter' is wider than potential for top jobs and 'talent' is defined in terms of promotability, that is the potential and aspiration to move up a level in the organisation – but maybe not reach the dizzying heights of senior management. Managers do need to be clear whether the organisation is interested in knowing who is promotable or is only interested in the 'high potential' few.

- If organisations really act on what they say about everyone having talent then line managers may often be helping employees to develop their potential in the same role or in a role at a similar level to their current job. This is really normal employee development, but of a future-oriented kind, looking beyond the current year and perhaps the current job. This is not difficult for managers to grasp as long as the core performance and development processes make it clear that development is for the future not just for the current year.

- When we ask managers to do succession planning for particular posts or kinds of posts, we are still asking managers to spot 'talent', but this time in terms of more specific potential often related to a function or role type not just a level, eg potential to do one of our senior professional roles in finance.

Although HR has got rather fixated on 'high potential', looking at 'promotability' and succession to a type of job are much easier for managers to work with. They can imagine the level or kind of job which is relevant to that person and think about whether they could really see them doing it.

HR can certainly help in talent spotting by providing managers with simple guidelines (eg for succession planning) and criteria, but also by helping line managers see how talent spotting relates to other everyday behaviours they need anyway including:

- Simply getting to know your people, how they work and what motivates them.

- Watching what they are good at doing and what they seem to enjoy.

- Noticing when they have started to outgrow their job or if a different kind of job would suit their abilities better.

It is interesting that this simple set of behaviours about getting to know staff and observing them carefully at work is a core part of effective leadership (Tamkin et al., 2010) and also emerged strongly in our work this year on how engaging managers develop their people (Marvell et al., 2014).

The line manager and career conversations

There is little point in identifying 'talent' or potential if the organisation does not know what someone wants to do in career terms. It is very dangerous for organisations to assume they know what individuals want career-wise without asking them.

The line manager has a role in helping individuals to surface their career aspirations and start to explore whether what they want to do might align with what the organisation may be able to offer them in terms of opportunities.

Career aspirations can be seen in terms of grade or level (how ambitious someone is for promotion) but also in terms of direction: what kind(s) of work are we thinking about here? Timing is a third key dimension of aspiration – when might a job move be desirable?

Personal factors greatly influence career aspirations, especially how an individual's career fits with their other commitments and how flexible they can be geographically.

It is realistic to ask line managers to open up a career dialogue with their people. The table below shows that career conversations cover a wide range of topics – much wider than seeking to assess 'talent' or 'potential'. Managers do need help from HR in understanding what an effective career conversation might look like. In particular, career conversations are really about helping individuals explore what they might want to do. This makes them much less organisation-focused than performance conversations, and also obviously much more future-looking.

Figure 7: Career conversations

Performance conversations	Career conversations
What do you need to prioritise?	What kinds of work do you want to be doing in future?
How well are you doing? (what and how)	Does this fit with how others see you?
What learning will help you do your current job better?	Work-life issues and choices
How will you access this?	Possible kinds of paths/moves & timing
What help do you need from me/others?	Pros and cons of career options
	What skills/experience do you need to be a credible candidate for the kind of role you are considering?
	How will you develop this and what do you need from me/the business?

Individuals will often need to talk to a range of people about career issues. So it is the job of a manager to start those conversations, but not to finish them or feel it all rests on their shoulders.

HR should also not advise managers to cram this kind of conversation into the last ten minutes of a long and taxing appraisal discussion. Managers should agree with individuals what kind of a career conversation they want and whether more time needs to be fixed another day to explore this agenda in depth. Career issues come up when they come up, not just when the organisational calendar asks managers to have career conversations.

We also shoot ourselves in the foot if we call career conversations 'difficult conversations'. Why would we want to do that when this is a potentially interesting and fulfilling part of the manager's role?

HR's role here is to help managers know what an effective career conversation may look like; help them practice; and to give individuals another place to go if they can't talk to their boss easily or if they need to address deeper career issues.

The line manager as talent developer

The real bottom line of talent management is proactive skill and career development. This link is not always well made, even with very senior populations (IED, 2014). Talent development means starting to prepare people for work they are not doing yet but may be doing in future. That future can be just months away (if someone is nearly ready to apply for a promotion or job move) or several years away (if they

need to widen or deepen their experience considerably before a career transition). For employees likely to stay in the same job or a very similar one, development may still mean mastering new skills and knowledge as the business changes around them.

Some practical things line managers need to do here include:

■ Facilitating development, but not assuming that they have to deliver it all themselves. For example, a technical expert may be much better at coaching someone in their professional skills than their own boss.

■ Helping the individual access required work experiences. This may be about a job move, but can also be about finding opportunities within the current job role or through a secondment or assignment. Line managers may often need another manager or HR to help identify and access the right opportunities.

■ Appropriate nomination of individuals for more formal opportunities, eg corporate talent programmes or talent pools, sponsored external qualifications etc. Line managers need to understand where these offers fit in and to put forward individuals for whom those interventions are timely and appropriate.

The line manager as collaborator in collective management activity

As already hinted above, we are mistaken if we make individual line managers feel that they are alone in seeking to identify and nurture the talent of their staff. The development of talent often needs input from other people: in spotting potential; widening career understanding; and facilitating development.

We all know people who are very good at making their managers think they are wonderful, but who appear very differently to others in the organisation. The converse is also true – people who are not very good at telling their boss how wonderful they are, but are obvious stars to others they work with inside the organisation.

We have known for many years that talent management benefits from collective management thought and action, usually by natural groups of peers looking at their teams together with their own manager. These collective discussions go under a wide variety of names: succession forums, talent reviews, people reviews etc. They provide an opportunity for managers to reach a shared view of individuals' potential and of succession plans, informed by the kind of career conversation highlighted above. Managers often need to act collectively to spot career opportunities across the organisation and to prioritise individuals they wish to send on corporate programmes.

This collective view informs wider workforce planning and resourcing strategy. Line managers also need to loop back to the individuals concerned to help them understand how the organisation sees them in a wider context.

It takes considerable discipline and maturity for managers to act collectively in this way, especially as each of them may at some point have to let their best people move on to work for someone else!

HR plays a vital role in this collective activity by orchestrating discussions and the flow of information and helping managers follow up agreed actions.

Positioning line managers to succeed

The role that line managers play in talent management is a subtle and thought-provoking one; but it does not need to be confusing or frustrating. As Peter Cheese has highlighted, HR needs to move away from communicating talent management as a set of procedures for managers to comply with (CIPD, 2014). We need to move towards working with managers themselves to develop relevant approaches to address real business and workforce issues. The shift from 'best practice' to 'best fit' is overdue in talent management, a highly context-specific aspect of people management (Campbell and Hirsh, 2013; Munro, 2014).

We also need to be more careful in thinking through what managers are well positioned to do for their own teams; what they need to do with other managers; and who supports the employee with information, advice and support in developing their own skills and career. Perhaps if we think more carefully about what the line manager can realistically deliver, then they will enjoy it more and do it better.

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Participative Mini-Conference: Line Management
21 May 2015, London

The line manager is a crucial player: developer, coach, talent spotter, engager, motivator, performance manager, communicator, workforce planner, change agent. Much is expected of line managers, who represent the vital link between organisational priorities, and the translation of these intentions to actions on the ground. Yet managers themselves often feel overloaded by the combination of roles they are asked to perform and the operational targets they are required to meet. How can HR best support the line?

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Beyond competence: shifting perspectives of capability

Penny Tamkin, Associate Director

Competencies have tended to leave me somewhat uneasy. This is partly due to the attempt to nail down what makes exceptional performers and articulate it simply; partly the further oversimplification that comes when complex behaviours are reduced to a five point scale; and a whole lot about the UK focus on competence articulated through behaviours to the exclusion of other ways of describing broader capability.

Using competencies to drive key HR processes has some clear disadvantages. Competency-based appraisal can be intensely dispiriting, with an emphasis on evidencing every marking on the scale, and a focus on what isn't so good. This often drives out attention to what is working well and the end result is an appraisal lacking in energy and engagement. Competency-based recruitment tends to strongly favour those who can show they have done the job before rather than giving a chance to someone who might make the most contribution. This has severely disadvantaged young people in their search for work but has also made organisations more siloed as individuals struggle to make transitions into new areas or roles.

Further, the focus on competencies seems to reduce the capability of people to the most mundane expression of rote learning; take as an example how someone demonstrates their ability to care for customers through fulfilling a wide range of NVQ criteria (see reference at the end of this section) including:

■   identify the differences between an internal customer and an external customer

■   list their organisation's services or products

■   describe the connection between customer expectations and customer satisfaction in customer service

■   describe why organisation procedures are important to good customer service.

In such a fragmented way of measuring what good looks like, how is the contribution of any underlying theoretical understanding recognised? How do we value the kinds of knowledge that help us act in different, unique and complex situations? If we measure competence in this reductionist way, doesn't that fundamentally affect what we teach and what we learn? So we teach outcomes, rather than the more fundamental fluid understandings that might help someone develop empathy with customers. The potential result is that individuals struggle to develop mastery and to make the links between problems, facts, issues, situations. Each sits in an isolated knowledge bubble with the effect that we de-skill people rather than up-skill them.

Competencies have also been criticised for being too Taylorist, ie for promoting a 'one best way' to undertake a task; for being overly focused on individuals and ignorant of social influences; and for being curiously devoid of context. Competencies have also been accused of underplaying technical skills, sometimes because concerns over the rapid pace of change has led to an emphasis on what endures rather than that which is likely to be displaced.

The common response in the face of such change has been a growing interest in generic skills or competencies as one way of recognising what can be transferred from job to job, ie the stuff that isn't firm specific. The World Bank (2007) for example suggested people need new generic competencies for the knowledge economy, eg cognitive problem-solving skills; self-learning and self-knowledge; social skills such as team working; negotiation; confidence; and motivation for work. OECD (2010a) suggests a similar set, which include basic skills and digital age literacy; academic skills; technical skills; and soft skills (appropriate emotions and behaviours; multicultural awareness and understanding; receptiveness etc.). However, the illusion of transferability has been criticised as misplaced as several supposedly generic skills are highly subject and context dependent; for example the communication skills relevant for an electrician, a nurse, a hairdresser and a car mechanic are very different in character (Wheelahan and Moodie, 2011). Some generic skills are either so context dependent they are not actually transferable or they are so general they lose relevance to the workplace.

There is a potential further danger that an emphasis on generic skills pays too little attention to technical skills or knowledge and it is arguable that organisations' competency frameworks have sometimes also fallen into this trap. Whilst it has been suggested that rapid skills obsolescence has led to a de-professionalisation in many areas, others have argued that professional knowledge remains critical for the development of professional competence (Pahl and Rauner, 2009).

Some of these difficulties may be due to our consideration of what competencies are. It would appear that competencies have been thought of quite differently in different

contexts. Heffernan and Flood (2000) for example, point out that the US approach typified by Boyatzis, Ulrich and others, defines competency as the underlying attributes of a person. The UK on the other hand, sees competency as a set of performances and standards. And whilst competences have been quite tightly conceived and applied in the UK, the German vocational training system has a looser, more holistic approach. Clarke and Winch, 2006 (in Wheelahan and Moodie, 2011) describe a German threefold system:

1. **Factual competence:** The disposition to use expert knowledge to solve problems appropriately by using the right methods.

2. **Personal competence:** The disposition to be clear about, review and assess opportunities to develop, to fulfil potential and form life plans. Personal qualities such as autonomy, critical faculties, self-confidence reliability etc.

3. **Social competence:** The ability to create social relationships, communicate and engage with others, to develop social responsibility.

Competence in Germany is further integrated into an occupation which has a body of knowledge and practical skills.

The result is that, in the UK at least, the tendency appears to be a steady march to atomisation, of concentration on the parts rather than the whole, or to exaggerate a well-known idiom: an inability to see the tree for the leaves! As we have construed competence relatively narrowly, so we have encouraged reductive rather than holistic processes of learning. It also diminishes a theoretical base for learning as everything is disaggregated rather than emphasising commonalities and connectiveness. If knowledge is disaggregated it is much harder to apply it to novel events because events are complex outcomes, whereas a broader knowledge base becomes part of the lens through which we see the world.

It seems organisations may be coming to some of the same conclusions and considering how they can avoid some of the downsides of competencies. This is perhaps the inevitable backlash to any popular HR approach where its popularity may well be sowing the seeds for its downfall. Almost inevitably, a new approach offers opportunities to respond to the disadvantages obvious in its predecessor, whilst it quietly ushers in new disadvantages all of its own, invisible at first but gradually making themselves known until yet another new approach seeks to overcome them. Sometimes we just come full circle and find ourselves rebottling an older vintage. There are signs now that a sufficient number of organisations are beginning to wonder how else they might specify what they are looking for from their people in a way that is less prescriptive.

Examples of such shifts have been towards behaviours, values or capabilities. The capabilities approach is rooted in the work of Amartya Sen (1985, 1992) and Martha Nussbaum (2000) and is an example of a philosophically quite different perspective. The key difference is that capabilities are about preparing people for broad occupations within vocational streams rather than specific tasks or roles associated with a job. They focus on the ability to exercise complex judgements at work rather than perform defined roles; they depend on a depth of vocational knowledge, and acknowledge and support vocational identities and therefore embrace technical and theoretical knowledge. There is a lot that is attractive here, as futures become more uncertain preparing people for specific roles and tasks is too limiting. We need innovation, competitiveness and productivity improvements and in a more complex world, these would seem to cry out for holistic rather than atomised conceptions of abilities.

Education and training need to lay the groundwork for higher levels of knowledge and understanding; we need to include skills for sustainability and innovation (Wheelahan and Moodie, 2011), and greater underpinning knowledge and theory. OECD's review of the literature on innovative workplaces (2010b) identified that organisations at the forefront of innovation adopted different kinds of workplace organisation, emphasising autonomy, discretion and learning. These kinds of workplaces are dependent on broader conceptions of competence and capability.

Sen defined social exclusion as capability deprivation – people lack the capabilities they need to exercise human freedom and choice. In organisations we might similarly see the lack of broader capabilities as excluding employees from playing a full role in the performance of their organisation and of fulfilling their personal potential. Narrow definitions of competence, coupled with approaches to training that overly focus on task performance contribute to this, and may unwittingly lead to a workforce which whilst assessed as more competent, is also less able.

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IES Annual HR Directors Provocation: Beyond competencies
25 November 2015, London

Competencies have had a good run in HR terms. However, they are not uncontentious and it may just be that the tide is firmly turning against competencies as the dominant way of describing what we are looking for. Our provocation this year will explore some of the criticisms of competencies in more depth, and hear from practitioners who have moved away from competencies to finding new ways of specifying the attributes their organisations need.

To find out more and book a place visit www.employment-studies.co.uk/network/events

HR business partners: yes please or no thanks?

Peter Reilly, Principal Associate

In 2007 when, on behalf of CIPD, we asked over 780 organisations whether they had HR business partners, just less than half said they did; a proportion that rose considerably with the size of the organisation. Given the plethora of conferences and articles on business partners since then, one might suspect that the number in such roles keeps going up. You do not need to have the so-called Ulrich model to have HR people deployed in business units, even if it is one leg of the three-legged stool structural model.

The idea of having business partners is unsurprisingly popular because of the advantages it brings. In that CIPD survey, we found it helped:

- HR become a more strategic contributor

- increase its business focus

- encourage greater line engagement with people management

- put people management issues higher on the agenda

- improve the credibility of the function.

These benefits are bound up with HR's functional transformation and repositioning. The function has wanted to add more organisational value over recent years, such that it is seen as a key contributor to the business: a performance-maximising asset not simply an overhead cost. This means it has to be relevant to the organisation at a level beyond administrative efficiency; it has to offer a strategic contribution. HR business partners are central to achieving this ambition because they should be integral to the running of business units, partners in delivering organisational success through ensuring that the right people resources are in place and that employees work to their full potential.

CIPD survey respondents described the progress made:

> *'HR used to come in at the end and pick up HR issues. Now the function is driving strategic projects'* **or** *'Business partners are now wanted at partner meetings'*.

However, the concept is not without its problems. Again, our survey for CIPD identified some of these:

- Business partners get drawn into 'wrong' activities – usually lower-level tasks than they should, given their role (and pay grade).

- A tension arises between responding to corporate and business unit needs (often manifested by business partners 'going native' as they pursue parochial objectives at what the corporate centre regards as the expense of the whole organisation).

- Difficulties are apparent in finding staff of the right calibre.

- The failure of those in the role to be strategic (rather than operational in their contribution).

These challenges centre on the difficulties staff face in delivering the goal of higher value-added HR either because of their own failings or because of an unsatisfactory partnership with business unit leaders. As respondents in the CIPD survey put it:

> *'Managers do not understand the role that business partners can play'* **or** *'business partners end up doing operational work because line managers ask them'* **or** *'business partners do not know what camp they sit in'*.

Most organisations should be able to overcome most, if not all, of these challenges through greater role clarity, especially between local and corporate HR defining their respective responsibilities, and between the business partners and line management defining the (strategic) content of their work. The business partners themselves can skill up, learn more about the business and shift towards fixing business (not HR) problems. They can arm themselves with accurate data and diagnostic capability to shine a light on unresolved and risky people management issues, facilitating managers' workforce interventions. They can position themselves as a coach to senior managers, able to act as critical friend, but also able to argue their corner on the people consequences of poor management practice. And so on.

Yet some HR directors have concluded that business partners are a luxury that they cannot afford: that the problems they have cannot be addressed. This is particularly evident in the public sector where cost pressures are especially severe. There are examples too in the private sector where the role has been somewhat rethought and the numbers of business partners reduced. So how have these organisations reached these conclusions?

There are several different strands to the argument. The first is essentially that business partners are merely old wine in expensive new bottles. As the saying goes, they were HR advisers on the Friday and business partners on the Monday. This accusation is less true than it was but the central point could still be valid that we may have done insufficient to restructure the role, convince customers of its value and recruit to it those with the necessary skills to do it well.

A second related point is that there is not enough demand for strategic work. This might be because the business units are themselves pretty operational in nature – the big, strategic decisions are taken at the corporate centre. Or, it might be because managers do not know what strategic HR looks like, cannot conceive of HR adding value beyond the transactional and so neither press for that sort of contribution nor welcome it being thrust upon them.

A third angle is that the vast bulk of non-administrative HR effort goes into individual case work or collective engagement where trade unions are strong. There is less activity in talent management, workforce planning or organisational development. This may not be 'right' from an HR perspective, but some HR directors have to face the facts on the ground and respond to the pressures that they have got. The result is that business partners don't really do strategic HR work; their activities are dumbed down to case management and thus appear to be poor value-for-money. As one HR director acidly put it to me:

> '*Business partners promise the earth because they leave someone else to deliver*'.

In other words, they are expensive 'middlemen', brokering services but the execution of such requests sits outside their remit or capability.

Probably fewer organisations recognise early on that they do not really have the skills internally or cannot successfully hire in the necessary competence at a price they can afford to pay, and so do not experiment with the business partner idea. More try out who they have got (or can get) and see!

This discussion returns us to two of the important debates in HR transformation, namely how effective is the new service delivery model (especially with respect to the interface with line management) and how well is HR meeting the challenge of developing its capability to match up to its promise of offering a strategic contribution.

Those organisations with the Ulrich model or some version of it, may find that it is imperative to manage effectively the boundaries between the structural legs; centres of expertise, shared services, business partners and corporate centre. As we have argued elsewhere, fragmentation is a real danger when you separate out the transactional activities from the so-called transformational. The risk for business partners is that they become the butt of criticism for all the ills of the function even

though they may have no involvement in them, no responsibility for them and certainly no accountability for their performance. As we discovered when facilitating a line customer/business partner discussion in one public sector organisation, we had to ban complaints about the failings of the HR information system because they were hijacking the agenda of the meeting.

This is a problem that can be addressed again through clear role specification, improved intra-functional communication and better co-working, but the interface with line managers is altogether trickier to get right. Central to the new conception of strategic HR is that it would exit much of its operational work to free up time to attend to the 'higher value' tasks. The expectation was that managers would become more self-reliant in recruitment, training and case management. HR might provide frameworks and guidance but managers would make their own decisions. It is questionable whether this is happening as expected. Certainly, in 2007 three-quarters of the CIPD survey respondents felt frustrated at the pace of this 'devolution' of responsibility.

Managers themselves have reported that they feel 'dumped on' in the transfer of tasks (including those to be performed through self-service operations) from HR. Regarding case management there is some agreement that managers lack the time and skills to do all that is asked of them. However, whether there is enough support or training for them is more in doubt. Certainly, the effects of this withdrawal of HR are evident. The Chair of ACAS, Sir Brendan Barber, told a recent Eversheds conference that the conciliation service was increasingly seeing managers dealing with individual disputes without the previously expected HR participation.

It is unlikely that we will suddenly develop a generation of excellent people managers so the tension between the fully justified aim of greater managerial self-reliance and the reluctance of managers to take up the baton is likely to continue. Chief Executive Officers and HR Directors may vary in siding with one position or another depending on pressure points and cost. In particular, CEOs are all in favour of cheaper 'overheads' and happy to sign up to managers taking responsibility until they see the build-up of grievances and Employment Tribunal claims.

What we probably need instead is better internal dialogue between stakeholders on what the optimum balance might be between HR's role and line managers' responsibilities. HR for its part needs to consider its structure in the light of this debate and conclude whether it wants:

■ Pure business partners as solo operators working with a strict task definition on strategy and change, and such things as talent management and workforce planning, reporting to the business unit heads and co-located with them. They would be accountable solely for their own contribution.

or

■ A business partnering team with a broad remit of responsibilities, including doing a lot of operational work. They would be accountable for the HR service to the business unit, reporting in to HR.

Of course there can be hybrids sitting between these positions. Yet the reason for describing such contrasting options is to suggest that, whilst organisations have to decide whether business partners are worth the investment, they also have to settle on their conception of the role and make sure it fits business needs, manager requirements and their own staff capability. If this critical thinking is not done there is the probability of continuing customer and colleague frustration and frequent questioning of the value of the role.

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IES Workshop: HR Business Partners
16 July 2015, London

This event will ask when and where HR business partners really add value to the business and how you can ensure that they will flourish. But we will also examine the rationale for those organisations that have decided business partners are an expensive luxury they cannot afford. The workshop will highlight orgs that have taken different approaches.

To find out more and book a place visit www.employment-studies.co.uk/events

Ethical dilemmas in HR practice

Alison Carter, Principal Associate

Why do we need to worry about ethics?

A survey in 2013 by the Institute of Business Ethics found that 38 per cent of the British public believe that business behaviour is in general not ethical. This is not surprising when every year there seems to be a new corporate failure or scandal in the headlines which raise serious questions about the way organisations are managed. Financially, it can be disastrous for organisations; negative views of investors can damage share prices, consumer disapproval can reduce sales and that is before any compensation claims and fines by the courts kick in.

High profile examples include:

- Accusations of bribery by GlaxoSmithKline employees in China.

- Criminality at the News of the World.

- LIBOR fixing, PPI mis-selling and sub-prime mortgage lending in financial services followed by failure in investment banks to understand widespread public concern about a culture of large bonus payments.

- Failure of governance at the UK's Mid-Staffordshire Hospital and lack of attention given to clinical care.

- Initial failure by BP to understand quickly public concerns in the US about environmental issues in the Gulf of Mexico and lack of priority given to equipment safety in dealings with subcontractors.

To an outsider, it seems inconceivable that patient care wouldn't be at the core of an NHS organisation culture, or that companies involved in oil exploration wouldn't prioritise equipment safety. Yet these and other examples demonstrate that, in the face of competitive pressures or organisational change, leaders can become distracted from their ultimate responsibilities, corporate 'blind spots' develop and company reputations suffer.

John Blakely and Ian Day wrote a provocative book in 2009 called *Where Were All the Coaches When the Banks Went Down?*, I am more interested in what the HR Directors of News of the World, Mid-Staffs Hospital, BP as well as the banks were doing before their companies were found out and their corporate reputation collapsed? How was it that illegality or unethical practice went under the radar for so long? Didn't HR people notice questionable behaviour and a widespread inappropriate organisational culture or was it so endemic that HR Directors really thought everything was OK? Were they subject to the same corporate blind spots and 'group-think' as others or did they feel uneasy but unable to step up and say what was wrong and what needed to be done to change?

Time for HR to do some Continuing Professional Development (CPD) on ethics?

Human Resource is a business function that is concerned with managing relations between groups of people. Inevitably, this process may raise questions about what the respective responsibilities and rights of each party are in this relationship, and about what constitutes ethical practice. Standards, values, morals and ethics have become increasingly complex in a postmodern society where absolutes have given way to tolerance and ambiguity.

All of us operating in the HR field might benefit from revisiting our early HR education on ethics and update it to include new questions. I think it might be time for some CPD on ethics. Questions we might collectively consider include:

■ What is the ethical role of HR? If it is every employee's role to behave in line with company ethics and values and if managers are the keepers of the flame, then it can't be HR's role to implement ethical practice can it? Should we instead be an early warning system, 'the canaries down the coal mine', or individual smoke detectors of ethical fires that could erupt further down the line? Should our role be in engaging employees in the debate and promoting accountability?

■ What role does HR play when things seem to be going well but we can't 'see' the bad behaviour eg huge bonus payments, poor patient care etc.? Should HR be critiquing organisational culture/health as a matter of routine and being more pro-active in diagnosing problems and assessing ethical risk? Does our culture promote ethical conduct? Is there a pattern of problematic behaviour unfolding in specific areas and what are we doing about it? How do we identify ethical blind spots in our organisation's culture?

■ What message does HR professionals' own behaviour give? Our decisions affect people's working lives and future employment. Are we leading by example in

acting with integrity, openness and honesty? Are we role modelling the right behaviours of inclusion and acceptance of diversity and honesty?

■ Has the HR function's ambition to be seen as more strategic made us act too much like part of the business and too little like HR people? Poor standards of conduct emanating from top management affect employee engagement and commitment to organisational goals. Should HR intervene more? Should we listen more to concerned employees speaking up and support them rather than help managers in shutting them up? Are we as courageous and resilient as we need to be to challenge those at the top and say 'this is wrong'? Are we just too keen to fit in with our most senior colleagues?

■ Are we in HR clear what the practical implications are of living our organisation's values in terms of contracts, appraisals, bonuses, non-monetary benefits, speak-up mechanisms and development opportunities? Are we communicating these well and reinforcing the messages consistently? How are we evidencing practice in terms of ethics, integrity and honesty? Are we getting the whole story?

Ethical conduct in business practice and HR procedures is no longer a matter of choice for UK companies: public pressure and consumer demand for sustainable and ethical business has forced most companies to set standards, systems and processes for ethics and values. According to Professor Amanda Mellor (Group Secretary of Marks and Spencer plc.), at a recent conference on ethics in business:

> *'Developing standards and values frameworks are the easy part: it is how you engage employees in living up to organisation values in practice that is the leadership challenge'*.
>
> Mellor A (2014)

Who is worried about what in terms of ethics?

Much of the media focus on questionable business ethics during 2013/2014 has been directed at corporate tax avoidance. Before that, speak-out mechanisms, sweat shop labour and aggressive treatment of competitors were in the news. But people management practices have also come to public attention directly and been branded as unethical: excessive executive pay, off-shoring and exploiting 'cheap' labour markets; reneging on company pension agreements; unpaid internships and increasing work stress. Concern has surfaced from a variety of sources: from consumer groups; political groups; religious and charitable organisations. Entrepreneurs, academics, and professional bodies have all expressed the view that standards of behaviour within business need to be evaluated, and improved.

Many issues of concern are common but the ethical problems we see are shaped by who we are and our perspective on the world and organisations, as we can see in Table 1 below.

Table 1: Most common areas of workplace conduct causing ethical concern, through the different eyes of HR, employees and public

HR specialists	Employees	General public
Favouritism in hiring, training and promotion decisions	Low trust in senior managers	Corporate tax avoidance
Inconsistency in disciplinary measures	Lying to employees	Executive pay and bonuses
Failure to maintain confidentiality of customers or employees	Pressure to compromise standards	Employees being able to speak out
Potential discrimination in appraisals and in allocating pay/non-pay reward	Failure to discipline or punish bad or abusive behaviour	Bribery and corruption
Maintaining a safe and healthy work environment	Retaliation against those reporting misconduct	Discrimination
Subcontractor conduct within outsourcing and off-shoring	Bad behaviour by managers setting a poor example for everyone else	Environmental responsibility
Harassment and bullying	Corruption	Harassment/bullying
Generation stereotyping		Sweatshop labour
		Fair and open pricing of products and services

Source: IES, 2015 (adapted from UK and US surveys 1991/2013)

What Table 1 highlights (in discussions at IES Annual Members Conference, 2014; Danley, Harrick, Strickland and Sullivan, 1991), is that what we see as ethical issues is shaped by who we are and our perspective on the world of work. There is potentially a dark side to this in that the same process can leave us with blind spots where we have an inability or an unwillingness to see the potential ethical problem looming. We may inadvertently support or turn a blind eye to behaviour that others have deep concerns about and which may come back to bite us. Shouldn't HR be interested in and responding to some of these issues that are highly visible to employees or the general public? It may not be that HR itself is unethical but it can get its ethical knickers in a twist over different things. I believe it is time for HR to not only respond to those things which are its natural territory, but also expand its perspective and broaden its ethical awareness and sensitivity.

Dilemmas in people management practice

A good way to think about ethics in HR is to consider some contemporary real-life dilemmas faced by HR specialists. HR specialists face dilemmas all the time but I am particularly thinking about the ones involving questionable management behaviour. Some straightforward situations are listed below. Try reading each dilemma in turn and ask yourself:

■   Are there any ethical problems here?

■   What is the full range of possible solutions available?

■   Which solution would you choose and why?

■   Would you behave differently if you knew for certain no one would ever find out?

After that, I suggest you reflect on all the scenarios as a whole. Consider which you found easiest to answer and which the hardest? What does that tell you about your approach to HR ethics and/or the culture of your organisation?

Role conflict

You operate as a trained internal coach on top of your HR manager day job. One of the managers you are coaching has been working hard on improving relationships within his team. You have also been encouraging him to provide more honest and constructive feedback so his staff are clearer about what needs to improve. A grievance is taken out against the manager by one of his team. The manager emails asking for support at his next coaching session tomorrow. You are also Chair of the Grievance Committee. What would you do and why?

Organisation change

You are HR Strategic Business Partner for a large manufacturing company which needs to cut costs and downsize in the face of fierce competition from emerging markets. The company have a number of manufacturing units in Europe, some of them in areas of above-average unemployment and deprivation. You are asked to join the leadership team planning which unit(s) should be closed and when. The assumption of the team seems to be that the decision will be made on financial grounds. What do you advise and why? What if financial analysis doesn't produce a clear candidate? What would you then advise and why?

Behaviour of leaders

You are HR Director of a professional services firm. A new Office Manager was appointed from outside the company a few months ago even though the Managing Partner had allegedly 'favoured' a particular internal candidate. Since then you have heard on the grapevine that the Managing Partner has been putting the new recruit under pressure, nothing she does is good enough and arrangements she requested at interview to support her work-life balance do not appear to be in place. She has not made a complaint but last time you saw her she appeared tired and stressed. What do you do (if anything) and why?

Accuracy in reporting

You are a newly qualified HR Manager. Sales staff and senior managers at your company get bonuses based on sales figures in addition to their base salary. Sales figures were down last quarter. One of the sales team who you know socially mentions that he is expecting a big sale the following quarter when one of his customers has their annual sale. He alludes to pressure to write up the orders early so that they get counted for the current quarter. When you question this he says 'We can always take the figures out later if we need to. Everyone else does it. This way everyone gets their bonuses. Isn't that what the big bosses really want anyway?' What (if anything) would you do and why?

When the boss doesn't like someone

You are an HR Manager in a media company. A receptionist has received positive appraisals over her twenty-six years with the company. The Creative Director does not like her: he claims she makes too many mistakes and 'does not give the right first impression at the front desk'. He asks the supervisor to document the receptionist's poor performance and get the paperwork ready so the termination process can begin. The supervisor is stunned. She thinks the receptionist is a good employee but she can't afford to lose her own job by crossing swords with the Creative Director. What would you recommend the supervisor do? What are the potential consequences of her potential actions?

At the core of these dilemmas is your ability to judge when a manager's 'latitude' in decision-making becomes unethical. But this is by no means straightforward. There are many different ways of looking at each of the cases above. As well as our own moral codes we also have different levels of experience in different HR and business

contexts, which will affect our individual perspective on each case. Those new to HR roles may assume that their judgement will develop through experience and mentoring: but extensive experience can sometimes result in the sharing of corporate blind spots. If you are not 100 per cent certain that you have taken the full range of relevant ethical issues into account for each dilemma presented above, then I suspect you are not alone. Ethics is one of those topic areas where discussion between colleagues with differing levels of experience and different perspectives, can be beneficial for all concerned in ensuring you reflect on a full range of potential solutions and their possible consequences.

References

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I would be interested in the real-life dilemmas you may have faced in your experience as an HR practitioner. What was your toughest dilemma? What area of workplace conduct concerns you most? What is the worst case of unethical practice you have encountered by a manager? Do get in touch: I will not attribute your comments to you or your organisation. Please email Dr Alison Carter to discuss HR ethics or request an in-house CPD workshop:

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IES Workshop: Ethics in HR
15 December 2015, London

At this workshop we will discuss these and other cases in more detail, and collectively do some HR Ethics CPD.

Particular questions to be addressed include: Does our culture promote ethical conduct? Is there a pattern of problematic behaviour unfolding in specific areas and what are we doing about it? Are

we living up to our stated values? How does our company compare with others? What role can HR play in engaging employees and promoting accountability?

The workshop will cover:

- Identifying and challenging ethical blind spots in your organisation's culture

- Practical implications of 'living the values' for appraisals, bonuses, non-monetary benefits, speak-up mechanisms and development

- Ethical dilemmas facing HR specialists - what would you do?

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