



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Research to support the evaluation of Investors in People: employer case studies (Year 2)

Executive Summary
July 2013

Evaluation of the Investors in People Standard: Employer Case Studies (Year 2)

**Annette Cox, Tom Higgins, Helen Barnes, Penny Tamkin
Institute for Employment Studies**

**Rebecca Jones, Aoife Ni Luanaigh and Richard Garrett
UK Commission for Employment and Skills**

July 2013

Executive Summary

In April 2010 the UK Commission took strategic ownership of the Investors in People Standard from Investors in People UK. A key objective for the UK Commission is to encourage organisations to improve workforce skills and productivity. Investors in People (IiP) plays an important role in achieving this objective. This evaluation completes a wider evaluation of IiP which will inform future policy and delivery arrangements for the Standard. It will help to measure the impact of IiP in order to demonstrate its value to organisations, exploring how and in what ways IiP impacts on businesses, and make future improvements to the Standard and its implementation.

The overarching aim of the project is to develop a deeper understanding of the process of employer engagement with IiP and their views on the service delivery accompanying the IiP product and service offering. The objectives are to: understand how employers engage with and use Investors in People to implement organisational change; to identify any barriers or problems; to identify the impact of Investors in People on organisations; and to make suggestions for improving IiP delivery.

Methodology

Fifteen case studies were conducted involving face-to-face visits to organisations who had committed to IiP. Overall, ten organisations were visited in Year 1, of which three – Housingco, Studentunion and Energyco - were revisited in Year 2 to investigate any cumulative further impact over time, while a further five new case studies were undertaken in Year 2 . The fieldwork ran from July 2011 to January 2013. The case studies included interviews with the lead person responsible for IiP, another senior manager where available, and a line manager and a member of frontline staff where possible. Copies of documents detailing the organisation's activities in implementing IiP and evidence of impact were also collected. Organisational visits were supplemented by a telephone interview with each organisation's IiP specialist where available.

Why do employers get involved with the Standard?

Eleven of the fifteen case study organisations had made a *proactive* commitment to Investors in People, by seeking out information about the Standard and approaching an IiP Centre because they believed the Standard would help them improve how they managed staff and indirectly support their business goals. Others had taken a more *reactive* approach,

with their interest in the Standard stimulated by an external trigger including contact with government support agencies and liP specialists.

Overall, the case study organisations had multiple and mixed motivations for seeking liP accreditation. Supporting business goals was an underlying goal in all cases. Managers generally did not regard liP as being an immediate solution to a pressing problem, but as a tool to help longer-term development for their organisations. The major motivations were: seeking liP to assist directly in securing contracts through public procurement; gaining recognition as a good employer; supporting growth and improving people management processes.

Strengthening the connections between training and people management activities and business goals, developing business and performance management strategies and gaining national recognition for attaining a standard with a well-known brand were the major attractions of the Standard. Larger, and in particular growing, businesses found it easier to grasp how the Standard could be applied to their organisation, while smaller, less sophisticated organisations initially found it more difficult to see the relevance of liP to their business. This suggests that the Standard may have a particularly useful role to play in helping small businesses with growth ambitions.

What changes do employers make to meet the Standard?

Organisations made more changes to some elements of people management than others. The areas of most common change were:

- Performance management systems, including introducing or modifying appraisal processes and setting objectives for staff
- Introducing training for a broader range of staff, sometimes accompanied by induction processes
- Intensification of communication activity around business strategy.

Most of the case studies either introduced a new approach or upgraded their existing processes to, for example, improve the way development needs were identified; tie development needs more clearly to business needs; and define job roles more clearly. Some organisations made substantial changes to investment in leadership and management development. The least common areas of change were reward and recognition and business strategy, although for newer, smaller organisations, articulating business strategy was an important activity for their development.

What is the impact of working with IIP?

Where training and development had been provided for managers, this was often relatively intensive and resulted in significant changes in managerial behaviour. Other changes involved increased volumes of training being provided to a wider range of staff and adoption of more intensive employee involvement practices. Some employees reported perceptions of increased investment in training, better information flows and awareness of organisational goals and better co-operation across different organisational teams. The most common focus is on integration of staff involvement, training and development and performance management practices, reflecting the priorities of relatively small and young organisations. There was limited evidence of IIP adoption transforming management beliefs and philosophy about people management, or of cultural change, partly because a number of the case study organisations already had distinctive organisational cultures which were either unaffected by or accentuated by IIP.

Impact on HR outcomes was difficult for organisations to assess and often coloured by benefits of operating in an already slack labour market, but there was some evidence of benefits through impact on staff turnover, employee commitment and management and staff behaviours. Changes in business outcomes took the form of improvements to business processes and some managers pointed to better quality of service, sales and productivity, but were not always to attribute such changes solely to IIP, especially where their organisations were already on an upward trajectory of growth.

Organisations tended to assess value for money of IIP from a qualitative, subjective perspective rather than undertaking a formal cost-benefit analysis, and where benefits related to process rather than outcomes, value for money could be gauged at an earlier stage in the IIP journey than we might expect. Some expressed a desire for greater transparency in costs of assessment at an earlier stage of engagement with the Standard and ability to pay for consultancy support was a concern for a number of small organisations.

It is not possible to make a full judgement of what organisations would have done in the absence of seeking IIP accreditation without a suitable comparison group, but a number of organisations noted benefits in terms of the structure, type and especially pace of changes they made to improve people management practices.

Enablers and barriers

Receiving high quality advice and support from an liP specialist appears to be the single most important influence on level of organisational engagement with the Standard and the rate of progress that firms make in implementing changes in people management practice. The major barriers to progress in implementing liP were: lack of people management expertise; lack of management commitment where consensus was required across a management team; changes in business circumstances arising from financial challenges or growth; management reluctance to delegate; and different approaches to and understanding of business strategy in smaller organisations.

Suggestions for improvement

A number of ways in which the Standard could be improved were identified, including:

- consider how best to enhance support from liP specialists and centres in order to accelerate progress in implementing change
- explore cost-effective means of providing support to small organisations
- consider improving transparency concerning costs of support for implementing and gaining liP accreditation
- consider specific targeting of any public investment in promotion and support for gaining liP accreditation
- understanding and managing the most appropriate sequence of change
- seek earlier feedback on progress and satisfaction with support received from liP.

Evidence Reports present detailed findings of the research produced by the UK Commission for Employment and Skills. The reports contribute to the accumulation of knowledge and intelligence on skills and employment issues through the review of existing evidence or through primary research. All of the outputs of the UK Commission can be accessed on our website at www.ukces.org.uk

Produced by Institute for Employment Studies for the UK Commission for Employment and Skills.

UKCES
Renaissance House
Adwick Park
Wath-upon-Deerne
Rotherham
S63 5NB
T +44 (0)1709 774 800
F +44 (0)1709 774 801

UKCES
Sanctuary Buildings
Great Smith St.
Westminster
London
SW1P 3BT
T +44 (0)20 7227 7800

This document is available at
www.ukces.org.uk
under 'Publications'

ISBN 978-1-908418-49-4
© UKCES 1st Ed