



UK COMMISSION FOR
EMPLOYMENT AND SKILLS

Research to support the evaluation of Investors in People: Employer Survey (Year 2)

Executive Summary
March 2013

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Background

This report covers the findings from the second year of a two-year evaluation of Investors in People (IiP). The overall aim of this research is to provide a quantitative assessment, from the participating employer's perspective, of the effectiveness of the IiP accreditation process and any impact associated with IiP recognition. The objectives of the project were to explore employers' experiences and satisfaction of working towards IiP accreditation against their original expectations, the role that the IiP centres play in the accreditation process, the prominence and role of IiP within employers' HR and business strategies and the impact on the employer of working towards and gaining IiP accreditation.

The second year examined whether there are indications of changing levels of impact of IiP among recently recognised employers compared to a similar group of new recognitions from Year 1. This involved re-interviewing some employers interviewed at Year 1 to establish whether the benefits resulting from IiP recognition have been sustained or indeed increased, or whether instead they have faded with the passage of time.

A total of 716 telephone interviews were conducted between 11th September 2012 and 2nd November 2012 among two distinct groups:

- 429 interviews with employers becoming recognised for the first time in the period July 2011 to June 2012 ('Year 2 new recognitions')
- From the 550 employers that were interviewed as new recognitions in the first year of the survey (so had been newly recognised in the period July 2010 to June 2011), 513 agreed to be re-contacted and 287 were re-interviewed.

Profile of employers

The majority of Year 2 new recognitions were private sector firms (64 per cent), with the remainder slightly more likely to be third sector (21 per cent) than public sector organisations (15 per cent). The profile by organisation type is very similar to Year 1. However, the profile of Year 2 new recognitions differed slightly to the profile of new recognitions in Year 1 in other ways: more were based in England and fewer in Wales; significantly more were large employers with 250 or more staff (18 per cent up from 10 per cent in Year 1); fewer operated in Construction (six per cent from 12 per cent); and the proportion achieving a higher level of recognition had increased from nine per cent in Year 1 to 30 per cent in Year 2. The sampling of new recognitions, which was drawn from liP Centres' own databases, is discussed in section 2.3.

Motivations for engaging with liP

The vast majority of employers sought recognition with the hope of achieving a wide variety of internal and external benefits, most commonly (among Year 2 new recognitions) improvements in the quality of leadership skills (90 per cent), customer / user satisfaction (85 per cent), management practices (82 per cent), training practices (81 per cent), the ability of staff to do their jobs (81 per cent), staff commitment (79 per cent) and that it would lead to their gaining a competitive advantage (78 per cent). Clearly overall the focus is more on developing leadership and management skills, and staff skills and commitment, than on bottom line measures (increased sales or profit).

Smaller employers with fewer than 25 staff, however, were much more influenced by bottom line issues than average, such as it leading to a competitive advantage (85 per cent compared to 77 per cent of organisations with 50+ employees), attracting new clients (83 per cent compared to 69 per cent of employers with 50+ employees) and, for small private sector firms, it increasing turnover and profit (75 per cent and 78 per cent respectively). Medium sized organisations with between 25 and 99 staff were significantly more likely than average to have a focus on liP improving their leadership skills (95 per cent), management policies (90 per cent), training practices (89 per cent) and staff commitment (83 per cent), hence more operational issues.

Distance travelled to achieve liP

Most Year 2 new recognitions felt they only needed to make minimal changes to achieve liP recognition (58 per cent), and the level of reported changes was lower than found in Year 1 (when 51 per cent reported they needed to make minimal changes) despite the fact that many more in Year 2 attained the higher banding. It is interesting that there was no difference in the extent of changes that employers felt they had to make between those achieving the higher banding and those working to the standard level.

Confirming that most employers needed to make relatively minimal changes to achieve liP, the vast majority of Year 2 new recognitions already had in place the main business and HR policies and practices required/expected for liP when they committed. Hence relatively few employers said that they introduced new policies and practices to achieve liP (34 per cent, no significant change to Year 1). liP had most influence in leading to the introduction of training plans, staff consultation processes and processes for assessing management effectiveness, where up to a fifth of employers with these policies in place said they were introduced as a direct result of working toward liP.

However, there is strong evidence to suggest that liP offers a valuable structure and framework for employers to develop and improve their existing business and HR plans and procedures. Almost nine in ten Year 2 new recognitions reported that they had improved or developed at least one HR / business policy or practice as a direct result of liP (with this most common for business plans followed by appraisal plans, staff consultation processes, training plans, induction plans, and processes for assessing management effectiveness (each improved by two-fifths to a half)).

Results among re-contacted employers interviewed in their second year post-recognition suggest that employers continue to develop and improve their HR and business plans / policies: nearly all had developed or improved at least one plan in the previous 12 months and seven in ten indicated that they had introduced or improved at least one plan in the previous 12 months *as a result of liP* (70 per cent).

One area where liP had a particularly strong impact was in the organisation's focus on leadership and management training: just over half of all new recognitions said liP had led to improvements (56 per cent) as did nearly half of all re-contacted employers (47 per cent).

The impact of liP

liP was described by new recognitions in Year 2 as having improved a large number of areas of performance, particularly the quality of leadership skills (63 per cent), management policies (55 per cent), staff commitment (50 per cent), the ability of staff to do their jobs (48 per cent) and productivity (43 per cent). liP was generally described as contributing to these improvements to some rather than a large extent, and hence is usually just one factor among others.

Results on a number of measures were slightly more favourable than in Year 1, with an increase in the likelihood of new recognitions saying liP has contributed to improvements in such areas as staff commitment, productivity, and (for private sector employers) profit and turnover. Increases are generally the result of the improvements being more commonly experienced by organisations in Year 2, rather than employers being more likely to attribute the improvement to liP.

Overall the vast majority of all new recognition employers in Year 2 (95 per cent) reported that liP had had a net positive impact on their organisation. While clearly positive, there has been a fall in the proportion saying liP had had a *significant* positive impact (37 per cent) compared with Year 1 (43 per cent). This reflects the fact that Year 2 new recognitions made fewer changes to achieve liP: employers that had made more than minimal changes to their organisation to achieve recognitions and those achieving higher banding levels were more likely to report liP having a significant positive impact (47 and 42 per cent respectively), which suggests that liP advisers should be strongly encouraging employers to stretch themselves when working towards liP, as well as promoting the benefits of the higher banding levels.

Re-contacted employers were also favourable overall regarding the impact of liP: just under nine in ten said liP had had a positive impact on the organisation, and around three in ten indicated that it had had a *significant* positive impact. Only one per cent felt it had had a net negative overall effect. However, re-contacted employers were much less likely to say that liP had had a *significant* positive impact for their organisation when interviewed in Year 2 than was the case when these same employers were interviewed in Year 1 (a fall of 14 percentage points). To reduce the likelihood of liP's impact fading in the eyes of employers, liP specialists need to maintain and build the relationship with employers not just in the immediate period after recognition but in subsequent years.

This is especially so given that among employers in their second year of accreditation only a third had had contact with an liP specialist in the previous 12 months (36 per cent). A similar proportion (36 per cent) of all employers in their second year of accreditation that had not had contact with an liP specialist in the last 12 months (representing just under a quarter of all re-contacted employers) said this would have been useful. The areas of discussion of most interest to these employers were ways of improving further, progress made against their action plans, and the renewal process.

Contact and satisfaction with liP specialists while working towards accreditation

Over the course of working towards liP nearly all Year 2 new recognitions recalled having contact with an liP specialist (95 per cent compared with 94 per cent in Year 1), and employers were very satisfied with their liP specialist, particularly for their explanation of the recognition process and what would be required to achieve liP, their understanding of the specific requirements of the employers' organisation, the support offered through the recognition process, and for providing sufficient levels of contact (85 - 87 per cent very satisfied with each). As in Year 1, satisfaction with the explanation of the benefits of liP were slightly less positive (80 per cent very satisfied) and specialists could do more to make this important area clear to employers.

The vast majority of employers were very satisfied with the assessment performed (although it must be borne in mind that the survey only covered employers that were successful in the accreditation process), and results were again very similar to Year 1.

Overall measures of satisfaction and areas of improvement

While most recent new recognition employers are satisfied (93 per cent) and very few dissatisfied with liP (5 per cent), there has been a fall in the proportion *very satisfied* (78 per cent) compared with new recognitions in Year 1 (84 per cent). Those achieving the standard level of recognition and those needing to make only minimal changes to achieve liP were less likely than average to be very satisfied with liP (76 per cent and 77 per cent respectively), and these findings again point to the need to encourage employers to stretch and challenge themselves when working towards liP.

This fall in satisfaction is stark when looking at results among re-contacted employers. When they were interviewed in Year 1 88 per cent were very satisfied (and two per cent were dissatisfied). When re-interviewed in Year 2 just 62 per cent were very satisfied (and 10 per cent were dissatisfied). This suggests very strongly the potential for customer satisfaction to fade following recognition. It is certainly the case that the perceived value for money has fallen among employers in their second year following recognition: re-contacted employers were significantly less likely to view liP as good value for money in Year 2 than they were 12 months previously (a drop of 13 percentage points).

Although there was no sign of perception of value for money getting worse among recent new recognitions compared against those in Year 1 of the survey it remains an area with relatively high levels of dissatisfaction (11 per cent among Year 2 new recognitions). Those who achieved a standard level of award and those that only made minimal changes were less positive about value for money.

It is reasonably encouraging that over half (56 per cent) of recent (Year 2) new recognitions say they will definitely renew, with an additional one in four very likely (25 per cent). Just one per cent had decided not to renew. There has been no significant change in the likelihood to renew among new recognitions from Year 1 to Year 2.

Less positive is that among re-interviewed employers, there has been a fall from Year 1 to Year 2 of 15 percentage points in the proportion who say they will definitely renew. This clearly indicates that employers are much more positive about liP in the immediate 12 months following their first recognition than they are in the second year. This is reflected in the fact that relatively few re-interviewed employers (16 per cent) indicated that liP had increased in importance to their organisation in the last 12 months.

Concluding remarks

Key conclusions from the Year 2 research are:

- There were relatively few significant changes between findings among recent (Year 2) new recognitions and new recognitions interviewed 12 months previously either in the changes introduced to achieve liP, the impact of those changes, their overall views on the Standard, or their likelihood to renew. There was a significant increase in those making minimal changes to achieve recognition (despite many more in Year 2 working towards the higher banding) and a significant fall in those *very satisfied* overall with liP (78 per cent from 84 per cent).

- Results across a range of measures indicate that employers that make more substantial changes when working towards liP and those achieving the higher banding are more positive about the benefits of liP, more satisfied with their involvement, rate its value for money higher, and are more likely to recommend the Standard. Findings therefore strongly suggest that employers need to be encouraged to stretch themselves when working towards liP and, where appropriate, encouraged to work towards the higher bandings.
- Among employers interviewed both as new recognitions in Year 1 of the survey and then again in Year 2, there is a pattern of response that while they remain positive on all key measures, fewer are *very* satisfied, rate value for money highly, or say they will *definitely* renew. The results show that the second year following recognition is a period when the benefits of liP often start to fade. It is therefore crucial that relationships with employers are maintained and developed in the period following recognition.
- The fact that there would be benefits from more being done to develop relationships with employers following recognition is further supported by the fact that: liP specialists are rated very highly by employers when they have dealing when working towards recognitions; a minority of employers (36 per cent) reported having dealings with an liP specialist in the 12-24 month period after recognition; just over a third of re-interviewed employers not having any dealings in this timeframe would have liked contact; and almost one in six of the re-interviewed employers said spontaneously the single main improvement they would have liked is more / better communication or follow-up from advisers.
- The cost and value for money remains an area for consideration: even among recent new recognitions 11 per cent rated liP poor value for money, rising to 15 per cent among small firms with fewer than 25 staff, and views of its value for money deteriorates among those in their second year following recognition. Reducing the cost of assessment is also one of the most common improvements desired among new recognitions.

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