

Investors in People: Research on the New Choices Approach

Executive Summary 28
June 2011

Introduction

Investors in People (IIP) is a business development tool that was first launched in 1991. The IIP Standard enables organisations to assess how they are managing people, and where improvements can be made. There are 39 evidence requirements which must be met for an organisation to be recognised as meeting the IIP Standard. The New Choices approach to IIP was introduced in May 2009 to provide greater flexibility and customisation of IIP to an employer's priorities and goals. It also allows progress beyond the IIP Standard and incorporates additional recognition in the form of Bronze, Silver and Gold award levels (for which organisations must provide evidence that they meet at least 65, 115 or 165 evidence requirements respectively). In April 2010, the UK Commission for Employment and Skills took over strategic ownership of IIP and was keen to understand the differences made by New Choices.

The overall aim of this research is to identify the impact that the New Choices approach has had on perceptions and take up of IIP, with a view to informing future strategy for IIP and contributing to meeting longer-term objectives for IIP. The project methodology included: preliminary research (familiarisation with the IIP literature review (Gloster et al, 2010), a review of management information, and discussions with key stakeholders); an e-survey of employers engaged with the New Choices approach; and 15 employer case studies to add depth to the understanding of how New Choices was working in practice.

The New Choices approach was introduced across the UK in May 2009 (after being piloted in Scotland and some parts of England), so at the time of writing has been operational for less than two years. This is a relatively short period of time in which to judge the impact of the New Choices approach, as further benefits are likely to accrue over the long term. As such, this review has not identified significant direct benefits experienced by employers who have followed the extended framework and achieved a Bronze, Silver or Gold award level, though it has identified some changes that may contribute to increased business efficiency.

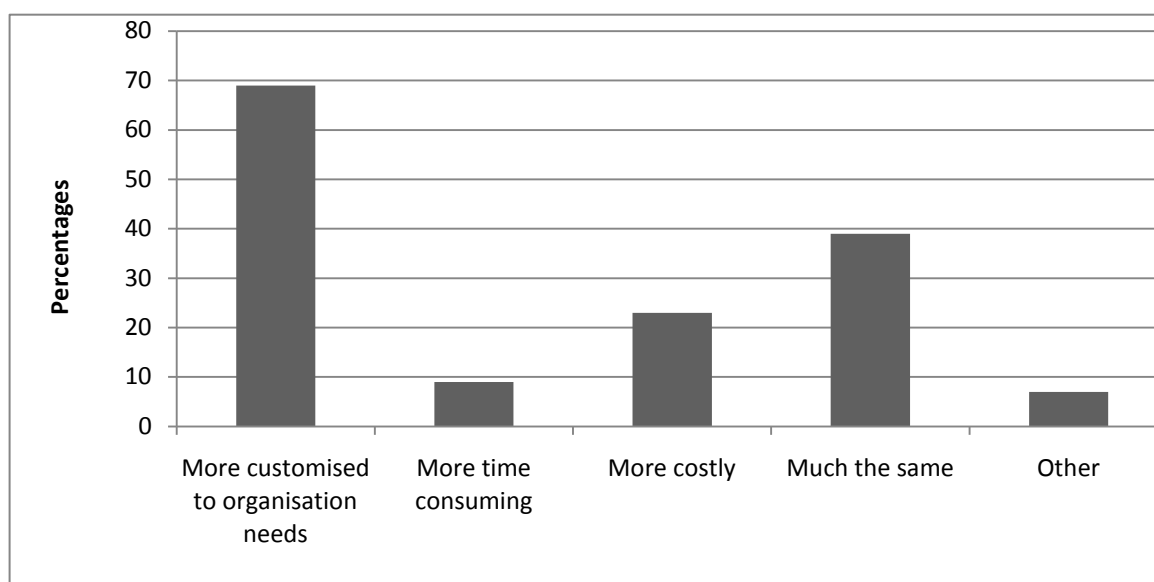
Key findings

The key findings of the review are:

- The introduction of the New Choices approach followed extensive research and focused on developing the established IIP brand through customisation, graduated recognition and benchmarking.

- New Choices involved a complete overhaul of the role of the advisers and assessors (the “IIP specialists”) who were seen as crucial to the success of the changes in offering a more consultancy-based approach.
- The most effective means for bringing organisations with prior involvement with IIP on board with the New Choices approach was through interaction with the specialists.
- The main reasons for employers engaging with the extended framework under New Choices were: to recognise existing practice; to provide a business development tool; and to demonstrate excellence to customers.
- The extra costs involved with following the extended framework (beyond the core Standard) depended on the organisation. Direct costs were dependent on the number of specialist days required while indirect costs mainly comprised internal staff time

Figure 1: Views on Investors in People service delivery now compared with earlier periods

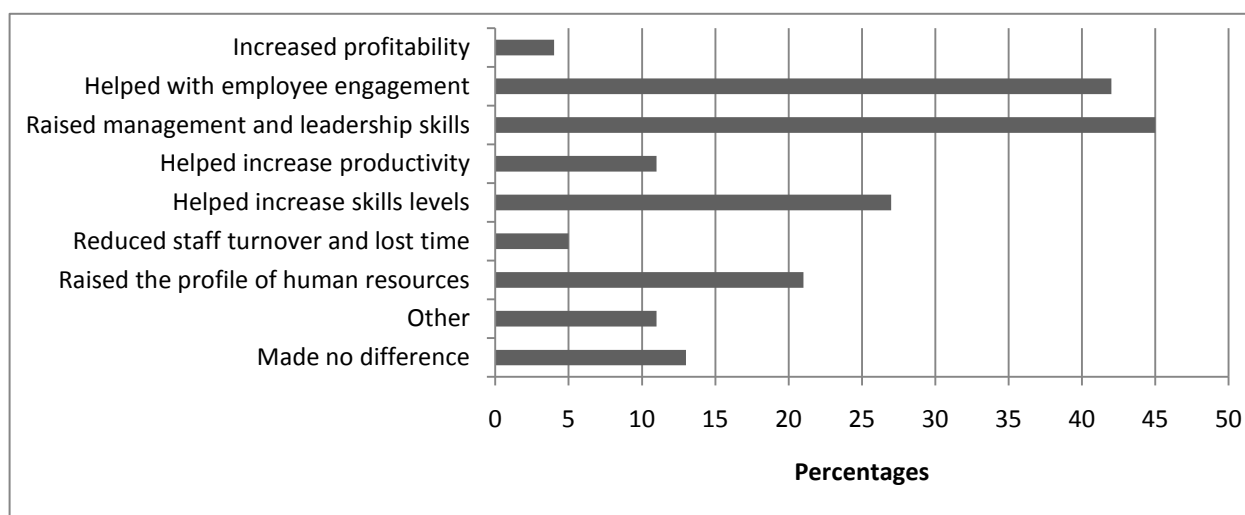


*NB. Multiple response.
N= 628 (All respondents)
Source: E-survey, 2011*

- The key elements in New Choices (such as the pre-assessment planning meeting) are being adhered to, and New Choices is generally regarded by employers as an effective method of identifying an organisational priorities and focus for IIP.
- Assessing the impact of the New Choices approach is problematic because of the difficulties in isolating the effects from other activities, as well as attributing impact to the New Choices elements of IIP rather than IIP in general. Figure 1 shows that the majority of respondents reported that New Choices is more customised to their needs; a key objective of the approach.

- Most benefits of New Choices identified by employers were focused on ‘traditional’ human resource areas such as staff development, employee engagement, and management and leadership improvements (see Figure 2).

Figure 2: Impact of achieving Bronze, Silver or Gold on the organisation



NB. Multiple response.

N= 311 (All those assessed against the extended framework)

Source: E-survey, 2011

- E-survey respondents stated that New Choices would encourage them to retain their IIP status in the future.
- The New Choices approach may not have fully widened the appeal of IIP to “first timers” and small businesses. As a result, there are certain segments of the potential market that have still not benefited from the changes and are less likely to become involved with IIP.

Implications for action

The research identified a number of key issues for consideration by those involved with the shape and delivery of IIP in general and New Choices in particular.

There have long been concerns that IIP is less likely to be achieved by small employers. New Choices provides additional flexibility and customisation, and is designed to broaden the appeal of IIP. However, this research found no evidence that, as currently implemented, New Choices had broadened the appeal of IIP to new employers. Assessment against evidence requirements from the extended framework has largely been adopted by

employers going for re-accreditation. These findings suggest some underlying weakness in the IIP offer, which New Choices has not fully addressed.

Targeted marketing of IIP to smaller organisations and those currently uncommitted to IIP would be more effective than general marketing. Over reliance on IIP specialists to 'sell' the New Choices approach means that those seeking re-accreditation have been the default target. The use of IIP Champions and Employer Representatives (where employers help to promote IIP to other employers) appears to have been a success in making employers new to IIP familiar with the process, as well as providing some support during the assessment process. It is recommended that the approach is continued and extended, with additional targeting to certain market segments, as this is likely to prove successful in attracting new organisations. A potential barrier is limits on the time that employer representatives could put into the activity. Ways need to be found for maximising value from these inputs, for example through the use of websites and email to disseminate information.

The wider business and labour market infrastructure could be more involved in promoting IIP. There are currently significant changes in the economic and business development landscape (for example, the abolition of the Regional Development Agencies (RDAs) and establishment of Local Enterprise Partnerships (LEPs)). This provides opportunities to improve the role of intermediaries promoting the benefits of IIP. Organisations such as the Chartered Institute of Personnel and Development (CIPD), Confederation of British Industry (CBI), and Chambers of Commerce could be engaged in promoting IIP and the flexibility and potential benefits of the New Choices approach. The UK Commission should continue to work closely with these organisations and provides them with sufficient information and incentive to promote IIP to employers.

There are certain segments of the potential employer market for IIP that will struggle to justify the resource inputs required to meet the IIP Standard (let alone the Bronze, Silver or Gold awards levels in the extended framework). Smaller businesses particularly, which are unlikely to have a dedicated human resource (HR) function or sufficient spare management capacity, are likely to need financial support to reach accreditation. Without attention to this, IIP (and particularly the award levels beyond the Standard), will remain the preserve of larger organisations. Such support is available in some of the home nations but not in England. It is recommended that the potential options for part-funding of employers seeking a first IIP accreditation be explored by the UK Commission. Financial support could be direct or indirect, perhaps through a remission of tax or National Insurance payments.


IIP Centres (and IIP specialists) are the main route to engagement with IIP. This review has shown they are most effective in engaging existing IIP accredited employers with New Choices. Promotion and engagement activity with employers not currently engaged with IIP is likely to increase only if it is financially viable for the Centres and the specialists. IIP Centres in England are commercial bodies and thereby driven primarily by commercial considerations in their approach to IIP engagement strategies. Working with a large number of small and medium sized enterprises (SMEs) to attain initial IIP recognition is more difficult and potentially less profitable than working with a smaller number of larger, already engaged organisations to attain higher levels of IIP accreditation. It is recommended that the UK Commission looks into the options for incentivising IIP Centres to promote IIP to those not currently engaged with it. This could involve an element of targeting (for example to those SMEs with strong growth potential) and could be linked to positive IIP outcomes (for example different levels of incentive for achievement of the different award levels).

The IIP 'badge' effect is important for many employers. Some employers see the achievement of the Gold award as their goal and Bronze or Silver as steps towards this, rather than achievements in their own right. There are some issues surrounding the terminology (which encourages a first, second and third place perception in the eyes of some employers and others). Furthermore, there is the added danger that the achievement of the Standard will be downgraded or lost, rather than seen as an aspiration for many employers. It is therefore recommended that consideration be given as to how the award levels are promoted. Extra stretch for some employers is important, but this could be accommodated by an 'enhanced Standard' for those going beyond the 39 evidence requirements rather than the three award levels. The UK Commission should open a dialogue with all interest groups to determine whether the current award branding should be changed in the interests of simplicity and protecting the Standard.

With the start of a period of austerity arising from the measures being introduced to tackle the budget deficit, it is likely that the organisations that have traditionally provided the mainstay of IIP (in particular organisations in the public sector and voluntary sector) will be under pressure to justify their continued involvement in IIP. The New Choices approach has extended the attraction of IIP for existing accredited employers but it appears to have been less successful in extending IIP reach to new employers. However, maintaining or enhancing the number of committed and recognised organisations overall is likely to depend heavily on the success in bringing in new employers.

The additional benefits likely to accrue to organisations committed to IIP (particularly under the New Choices approach) are likely to appear over the medium to long term rather than being demonstrated in 'quick wins'. This research on the New Choices approach has been carried out relatively quickly after its introduction and so has not identified substantial business benefits from New Choices at this stage. Future research with employers, carried out over a sustained and a longer elapsed time, is likely to provide a better indication of any additional benefits that have accrued. Further research after a longer period of operation would also allow a more thorough assessment of whether the New Choices approach has become embedded in the delivery mechanisms and the approach of the specialists.

A bibliography with full details of all the references in this Executive Summary is available in the corresponding Main Report, Investors in People - Research on the New Choices Approach, available at: www.ukces.org.uk.



Executive Summaries present the key findings of the research produced by the UK Commission for Employment and Skills. More detailed analytical results are presented in Evidence Reports and all outputs are accessible on the UK Commission's website www.ukces.org.uk

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