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Evaluation of Investors in People: Employer Case Studies

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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 research is part of a wider two-year 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 and 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

Ten case studies were conducted involving face-to-face visits to organisations who had committed to IiP, were intending to undergo assessment within six months of the first round interviews, and which had already made some changes to their practices. The case studies includes 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?

Six of the ten 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 IiP 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. The most common focus was on: improving people management processes including leadership, management and training and development; articulating business strategy; seeking liP to assist directly in securing contracts through public procurement, with some accompanying interest in business improvement and gaining external recognition for management practices.

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 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. Other changes included simplifying appraisal paperwork and reducing the number of performance management criteria.

Fewer organisations made substantial changes to investment in leadership and management development. The least common areas of change were reward and recognition and business strategy.

What is the impact of moving towards accreditation?

Organisations were able to provide indicators of early impacts at a behavioural and cultural level, rather than hard measures of organisational performance. In most cases involvement with the Standard had led to an improvement in management capability. There was some evidence of wider benefits as a result of the greater understanding of the business, clearer job roles and additional training generated through liP, with, for example, both managers and staff expressing greater confidence in their ability to do their jobs.

The impact on workforce development as a whole was more mixed. In a number of the case studies there was evidence of an increase in training activity as they moved towards accreditation, and in particular staff who had not previously received training were gaining access to learning and development. Overall, there was evidence that involvement with liP had encouraged organisations to be more coherent in their management of people and move towards adopting more formal business planning processes. There was no suggestion, however, that the content of business strategies was changing. Evidence on the links between liP and adoption of broader high performance working practices was also mixed.

The case studies provided a number of examples of episodic changes in examples of the introduction of new appraisal system, staff surveys or suggestion schemes. There were more examples of developmental change in the form of improved approaches to training, more coherent staff management and more formal and comprehensive business planning. Examples of transformational change were rarer. However, the introduction of a more open management style in some cases could have a significant and long-lasting impact on the culture and performance of organisations.

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.

Assessing the counterfactual – what would organisations have done in the absence of liP commitment?

The major counterfactual element reported by organisations where liP had made a difference to management practice was in providing **structure** to the nature of the changes made. The other major impact of liP appears to have been on **pace** of change. External pressure and assistance to firms in implementing changes is crucial. This reinforces the significance of the role that liP Centres and specialists play in determining the pace of change and speed of organisations' journeys towards assessment.

Across all types of change, most organisations reported that they would have made at least some of the changes associated with implementing liP even if they had not committed to the Standard, but they would have made these changes more slowly and with a less structured approach. However, some organisations reported making changes to meet the Standard which were not included or anticipated as part of their original motivations

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, including in understanding and managing the most appropriate sequence of change
- seek earlier feedback on progress and satisfaction with support received from liP specialists and centres
- consider improving transparency concerning costs of support for implementing and gaining liP accreditation
- consider further targeting any public investment in promotion and support for gaining liP accreditation.

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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