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Introduction

This report presents the findings of Roffey Park’s 2018 Management Agenda Survey. The survey has been running for twenty-one years and aims to highlight the views of managers on aspects of organisational life. It is a key barometer of working life and is regularly featured by both the national media and trade press, as well as professional management journals.

This year’s survey focuses on some of the main challenges facing managers and their organisations, from stagnating UK productivity through to AI, diversity and mental health. The report explores how managers are experiencing these challenges, and what they and their organisations can do to be both productive and healthy.

Nearly 700 UK managers from inside and outside HR and of varying levels of seniority responded to this year’s survey. The survey canvasses the views of managers drawn from a broad range of industrial sectors and from organisations both large and small. Details on the profile of respondents, and the organisations they work for, can be found in Appendix 1. Information on how the research was conducted can be found in Appendix 2.

The report is structured as follows:
Executive summary
Chapter 1 – The human dimension of productivity
Chapter 2 – AI and the fourth industrial revolution
Chapter 3 – Diversity
Chapter 4 – Rethinking performance management
Chapter 5 – Talent management
Chapter 6 – Mental health
Final thoughts

Rather than present an exhaustive account of the data collected in this year’s survey, we have chosen to focus on aspects of the data that appear most interesting and which, we hope, in their combination provide an engaging and informative view of the challenges and perspectives of today’s managers.
Introducing the authors

Dan Lucy, MSc, BSc, BPsS, MABP

Dan leads the research team at Roffey and oversees a programme of research into leadership and organisational development. He is also responsible for Roffey’s research-led consulting offer, consulting with clients on a wide range of issues. He is a member of the management team at Roffey Park. He has previously authored research on topics including resilience, talent management, innovation, and wellbeing.

Julia Wellbelove, BSc, MSc, C.Psychol

Julia is a Chartered Psychologist and Principal Researcher at Roffey Park. She has 20 years of experience of designing and delivering bespoke assessment & development solutions, coaching and competency development. After completing her MSc in Occupational Psychology in 1998 Julia worked as a consultant before joining the BBC. She has a strong track record of providing research-led solutions to clients and is an experienced interviewer and focus group facilitator.

Meysam Poorkavoos BSc, MSc, PhD

Meysam is an experienced researcher with strong knowledge of quantitative and qualitative research methods. His main areas of interest are around compassion in the workplace, resilience, innovation and interpersonal trust. Some of Meysam’s recent work with clients include design and delivery of leadership competency framework, 360 degree feedback and employee attitude surveys. Before joining the research team at Roffey Park, Meysam worked as a university lecturer delivering a variety of management courses.

Carol Hatcher

Carol is an experienced qualitative researcher, and has worked across a breadth of organisations including those in the NHS, further education, financial and legal sectors. Most recently she has co-authored Roffey Park’s work into what builds and sustains trusting relationships at work. She has contributed to The Management Agenda research for the last 10 years and has a particular interest in how mobile technology is impacting our working lives.
Executive summary

Leadership and OD are critical to solving the UK’s productivity puzzle

The UK’s stagnant productivity has been a subject of much debate, with various explanations offered and much scratching of heads. The situation is no doubt a complex one. That said, a relatively new development is the recognition by leading economists and senior figures at the Bank of England that management and leadership are a key part of any explanation. Here’s Andy Haldane, Chief Economist at the Bank of England:

*There is a statistically significant link between the quality of firms’ management processes and practices and their productivity*.

Andy Haldane, Chief Economist, Bank of England

This recognition of the human dimension of productivity is a relatively new development. Research by the Centre for Economic Performance (CEP) at the London School of Economics (LSE) suggests that up to 70 per cent of cross-country variation in GDP can be attributed to management practice. In the world of leading economists, management practice is defined by a discrete set of activities that are considered to be ‘measurable’ and for which there is ‘consensus’ such as whether performance goals are set and measured. What they don’t so much capture is the ‘feel’ of a place, its culture, climate and dominant leadership style. Recent reviews of evidence on spreading effective management practice suggest that it is these aspects that are critical. Cultures of trust that facilitate decentralised decision-making, the sharing of ideas, and open communication are all central. As is the capability to facilitate organisational learning and manage the people aspects of change effectively. All of this should be manna from heaven for OD practitioners and those who, like us, feel that it is the way in which people are led, managed, and developed that will make the biggest difference both to the success of organisations and our economy.

The world of work is changing fast, and leadership capability needs to adapt fast too

Previous research has identified how the world of work is changing. Workplaces are becoming ever more diverse, more virtual and dispersed, and business ecosystems will become more commonplace with organisations increasingly doing their work through partnerships.

At the same time, the rise of the gig economy presents new challenges in the nature of the employment relationship and psychological contract. Data from this year’s Agenda suggest that current leadership capability may be falling short in light of these trends in the future shape of work. For example, only one in three managers report that managers in their organisation have the capability to engage and facilitate collaboration across the generations. Similarly, one in two do not believe managers have the skills to effectively lead virtual teams and two in five managers do not spend adequate time on building partnerships. There is a real challenge, then, to both give leaders the capability they need now, but also the capabilities they will increasingly need to deploy in the future. With respect to the changing employment relationship, whatever its form, the spirit in which it is managed will become increasingly important and the ability to develop trust ever more important.

Diversity is more than skin-deep

There is a growing awareness and realisation that really capturing the benefits of diversity is not solely about the physical manifestations of difference. Leveraging the rich diversity of human thinking styles and perspectives, so-called cognitive diversity, has been shown to be more predictive of positive performance outcomes than age, ethnicity and gender diversity. Yet, the notion of recruiting for ‘fit’ still holds considerable power which prompts the question ‘should organisations be deliberately looking for people who do not fit the norm?’ Our research suggests that some are already doing this, proactively seeking so-called ‘disrupters’, people who may do things differently to the prevailing cultural norm. There still seems some way to go to make the most of cognitive diversity with roughly two in five (39%) of managers believing their organisation to be effective at recruiting individuals with different ways of thinking to the norm, and only one-fifth (26%) feeling their organisation is effective at leveraging the benefits of cognitive diversity (46% of managers do not think their organisation is effective at leveraging the benefits of cognitive diversity). The risks of leaders recruiting in their own image and potentially stifling difference are real, and the possible impact significant in a world where agility and innovation are key. There is, however, a big difference between knowing this and acting on it. Encouraging the expression of different viewpoints and perspectives requires leaders who are comfortable and open to challenge, and who ultimately truly value difference.
Gender pay gap reporting is a helpful nudge towards transparency, but far from a solution

Thankfully the issue of gender inequality has been given much attention recently with the furore surrounding the BBC, the #MeToo campaign and Carrie Gracie’s eloquent, impassioned, and dignified stance on the issue. The hope, of course, is that if and when the media switches focus, we do not lose sight of the importance of the issue. The requirement for organisations to report their gender pay gaps has clearly played an important role in raising awareness of gender inequality and bringing it to the foreground of the national conversation. That said, managers responding to this year’s Agenda are not, on the whole, hugely confident that the requirements will bring about meaningful change in their organisation. Roughly one in three (30%) think that the requirement will bring about change, compared with one-quarter (26%) who are not confident with the remainder (44%) unsure. This perhaps reflects a variety of issues. One may be the nature of the reporting requirement itself. Recent research by Korn Ferry suggests that, on the whole, men and women are not paid differently for similar jobs in the same organisation, rather it is the proportion of men and women at different levels of seniority that creates the overall gender pay gap. This only goes to emphasise the importance of making changes to facilitate more women reaching senior positions. The level of uncertainty around the gender pay gap reporting expressed by managers responding to our survey may also reflect the limits of a single intervention in tackling a complex issue. But it is a start. More does need to be done, and quickly. Creating truly flexible organisations is one step leaders can take. Research cited in this report has shown that less than one in ten quality jobs – paying £20,000 FTE or above – is advertised as being open to flexible working options. This is counter to what, increasingly, the working population (men and women) need. Dual income families, caring responsibilities for young and old, all add up to a need for flexibility. Leaders need to think more creatively about how senior roles can be shaped so that they are open to job shares, compressed working, and other flexible working options so that they are attractive to both men and women. Too many capable and talented women may be making choices that give them greater control over their working patterns, what Claudia Goldin has referred to as ‘temporal flexibility’, to avoid having hours imposed on them by their organisation. The upshot of this is that, with limited availability of ‘truly flexible’ jobs, organisations and society at large are effectively depriving themselves of considerable talent and expertise.

We have identified in this report five ways to leverage cognitive diversity:

1. Develop leaders who are open to challenge and encourage different ways of thinking
2. Ensure leaders are bold in their support of people who voice different views and opinions
3. Hold leaders accountable for creating an inclusive, collaborative and open culture, allowing different perspectives to flourish
4. Investigate the degree of homogeneity in thinking styles in decision-making groups
5. Ensure value or competency frameworks reinforce collaborative working and emotional intelligence

As work becomes more technological, it may also paradoxically become more human

One of the potential paradoxes of AI and its increasing role in the world of work is that it is likely to place an increasing premium on very human skills and capabilities such as creativity, innovation, and emotional intelligence.

In this research, we have identified seven ways that senior leaders can drive gender equality:

1. FLEXIBILITY FOR ALL – seek to create a truly flexible workforce
2. UNCONSCIOUS BIAS TRAINING – a helpful step towards reducing social stereotypes in the workplace, for both men and women
3. ATTRACTIVE TO WOMEN – take positive action to make your industry, organisation and senior roles within it attractive to women
4. BALANCED RECRUITMENT – introducing blind recruitment processes, ensuring mixed-gender shortlists, and the setting of gender-balanced recruitment targets
5. USE OF ANALYTICS – to build a deeper understanding of gender inequality, and to review and monitor pay structures and decisions
6. DEVELOPMENT for women with the explicit aim of evening out opportunities for women e.g. ‘women in business programme’ or the creation of networking or forum events
7. SENIOR CHAMPIONS – raising the awareness of senior leaders/CEO and gaining their buy-in
It will also place an increasing emphasis on individuals’ ability to continually learn new skills to remain employable (projections suggest that the life cycle of skills will be shorter than ever, with estimates that, on average, by 2020, more than one-third of the desired skill sets of most occupations will be comprised of skills that are not yet considered crucial today). This year’s Agenda suggests that the majority of managers do not think their organisation is doing enough to think about the implications of AI for their workforce or to equip them with the skills, capabilities and attitudes they may need in the future (38% of managers’ report their organisation investing in reskilling employees to keep pace with technology) Whilst the exact skills that may be needed are unclear, building traits such as resilience, adaptability and curiosity will be critical to employability.

Our research also suggests that managers, on the whole, do not think their organisations have the current capability to take advantage of AI. Less than one-fifth (17%) of managers reported feeling that their organisation had the leadership and people skills to take advantage of AI. A similar proportion (21%) felt that their organisation had the technical skills it needed. It also seems that many managers perceive that their organisation’s senior leadership are not giving the issue the attention it deserves and it is simply not being talked about enough. This needs to change.

Robots and AI are also great at making decisions based on data, they are less good at making judgments informed by the social, political and moral context. For example, there is the case of taxi prices on London Bridge at the time of the most recent terrorist attack. Seeing that lots of people were ordering taxis at that time in that location, the algorithm in charge ratcheted up prices to reflect demand. It took a human to override the system, understanding the context behind the changes in price and recognise the dubious ethics of increased prices at the time. The increasing role of robots and technology is likely to bring ethical issues regularly to the surface, and demand that people and organisations pay particular attention to the integrity of decision making processes to protect their reputation.

Traditional approaches to people management are failing in a dynamic and changing world

Work is much more dynamic than it used to be. The move away from manufacturing to services, from physical to knowledge-based work has coincided with the delayering of organisations and the prevalence of short-lived project-based teams rather than permanent unshifting departments and teams. The context is always changing and this is leading to the feeling that many traditional people management practices are no longer working. Multiple commentators and leading organisations have talked about how performance management is failing. Our own data, last year’s and this, point to how performance management is ironically failing to engage or motivate (in this year’s survey, 24% of HR managers say their organisation’s approach to performance management is weak). Similarly, talent management approaches seem to be failing (39% of HR managers say their organisation’s approach to talent management is weak). This may in part reflect the gradual dismantling of hierarchies and the growing absence of opportunities for talent to ‘move upwards’. 70 per cent of managers responding to our survey say the lack of hierarchical progression is an issue in their organisation. Talent management processes that are driven to deliver the next generation of leaders for department succession plans may be running the risk of creating unrealistic expectations whilst also failing to focus on what is really needed to develop talented individuals for the future. Talent management, in our view, needs to refocus on identifying ways in which individuals can broaden the value they bring to an organisation. This means removing role boundaries and allowing talented individuals to build knowledge, skills and experience that allows them to contribute widely across the organisation.

The answer for performance and talent management may be both simple and complex. There is a growing argument, expressed by leading HR practitioners that we need to simplify people management processes. Perhaps we should do away with complicated performance management processes and simply have two questions always in mind: how are you adding value in your current role? What would help you to add greater value to the organisation? The complexity resides in the management task. Instead of HR spending their time designing complicated process and systems and enforcing compliance, it may be more useful to let managers manage, and focus efforts more on supporting those managers to really develop their people. This may feel a little unnerving, but at the same time perhaps it will encourage a focus on what truly matters, people feeling that they are developing, motivated and encouraged. Ultimately this should lead businesses to prosper.

Building psychologically healthy workplaces

Mental health has risen up the social and political agenda in recent times. The national conversation seems to have changed with multiple public figures openly discussing challenges they have faced with their own mental health. It seems that this is filtering through to the workplace. Compared with last year, more of this year’s Agenda respondents report feeling comfortable to discuss mental health issues with colleagues and their manager, and also say that their organisation’s culture is open about and accepting of mental health issues. This is a positive development. Greater openness greatly increases the scope for early intervention when issues do arise.

A recent Government commissioned review focussed the spotlight on mental health and work. The first thing to say is that work is, and can be, critical to our mental health. It can provide meaning and purpose, self-esteem, a sense of identity and social connections as well as more transactional but important things like pay. That said, as scientific reviews of evidence2 have demonstrated, work is only good for you if it is good work. Bad work can be

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detrimental to one’s physical and mental health, and in some cases worse than unemployment. So what is good work?

Multiple research papers on the subject identify aspects of work such as autonomy, opportunities for development, worker co-determination, and work-life balance amongst other factors. It seems from our data that we are not quite at the point where work is generally achieving these ideals. Just over one-third (35%) of our respondents who had experienced mental ill-health said that work had contributed to their mental ill-health, with a further one-third (34%) saying work both contributed to and supported their recovery from mental ill-health. Line managers are critical in shaping an individual’s experience of work. With an understanding of psychological theory and the elements of good work, they can shape jobs to provide mentally stimulating and healthy work. Where mental ill-health issues do arise, what managers really need to be able to do is listen, show compassion, and provide support.

Recommendations

Based on trends in the way the world of work is changing and the evidence from this year’s Agenda, we believe there are three ways to build an organisation fit for the future:

### Rethinking Management Processes

The pace of change is so fast that it is difficult for any business to predict the future with any certainty. HR processes and practices such as performance and talent management are under attack for being too cumbersome, not fit for purpose, and slow to respond to the changing situation. A way forward may be to simplify the approach, and focus on supporting individuals to develop, taking away the boundaries of their role and helping them seek ways to add value.

### Developing Leadership Capabilities

The workforce of the future will be increasingly diverse in a multitude of ways. Managers need to have the confidence and capability to seek out and embrace different perspectives and thinking styles if they are to effectively engage a diverse workforce and tap the performance potential of cognitive diversity.

As workplaces become increasingly virtual and dispersed, and larger numbers of workers enter the gig economy, the ability of leaders to engender trust and build teams quickly will become ever more important.

### Creating Inclusive Cultures

There has been positive progress in recent times in tackling gender inequality, but let’s face it, there shouldn’t be any. Organisations need to embrace true flexibility, and hold genuine expectations and cultural norms that flexibility is for everyone, not just for men or women, or only for some roles or levels of leadership. At the same time, there is too much unnecessary, effort-sapping secrecy.

As AI becomes more prominent in the workplace, this is likely to have a profound impact on how work is done, and the role that we as humans play in that. There is a risk, if HR and OD professionals do not take action, of workplaces becoming a mirror image of a society of the haves and have-nots. To be inclusive, HR and OD professionals should be thinking deeply about this, opening up the conversation about what the future workplace may look like, and taking steps to equip both themselves and others with the skills and capabilities they need to be successful in the future. Whilst it is difficult to predict with any certainty what skills may be needed, it is likely that human capabilities will be in ever increasing demand. Creativity, empathy, and cognitive flexibility will all be more and more important to our continued employability.

Our mental health and productivity challenges can both be helped enormously by focusing on creating good work. This means the workplace being a healthy place for all, which offers autonomy, the opportunity to develop and manage work-life balance, as well as fairness and security. Line managers play a critical role in this, as do HR and OD professionals as potential experts in humans at work. Transparent processes and leaders who are open and compassionate is the future.

In this report, we have focussed on three ways in which organisations need to be more inclusive to be fit for the future. Whilst we have focussed on these three, we are also making a broader point about the need for organisations to be inclusive more generally and to harness the benefits of diversity if they are to continue to be successful in the future.
The human dimension of productivity

(The missing piece of the productivity puzzle)

The importance of management and leadership for productivity

Productivity is crucial. It affects everything from our competitiveness as an economy to our living standards. It is a word most closely held by economists and typically is accompanied by lots of ‘data’, and where ways to improve are on the table, references to technology and machines dominate. This, it appears, is starting to shift, with the Bank of England’s Chief Economist, Andy Haldane, highlighting the role of leadership and management.

But, before we talk about that, let’s be clear, the UK by international standards is not faring particularly well. In the Chancellor’s November 2016 budget, he made the following statement:

“The productivity gap is well known, but shocking nonetheless. It takes a German worker four days to produce what we make in five, which means, in turn, that too many British workers work longer hours for lower pay than their counterparts.”

The UK’s productivity problem has become particularly pronounced since the financial crisis of 2008, since which time the UK’s productivity has remained virtually stagnant (see Figure 1). Other developed countries have also struggled in this period, but have seen some improvement. Much soul-searching and musing as to why this is the case has ensued. No one really knows for sure, although Andy Haldane has a pretty clear idea that management and leadership is a key factor.

“A lack of management quality is a plausible candidate explanation for the UK’s long tail of [unproductive] companies. There is a statistically significant link between the quality of firms’ management processes and practices and their productivity. And the effect is large. This suggests potentially high returns to policies which improve the quality of management within companies.”


If the economy had maintained its 1997-2007 course, an hour’s work would be worth 17.9% more than it is today.
According to academic research conducted by the London School of Economics’ (LSE’s) Centre for Economic Performance (CEP), approximately 70 per cent of cross-country variation in GDP per head is down to management practice. The work done by CEP is explicitly focussed on management practice along three dimensions:

- Performance monitoring (how performance is tracked, reviewed and discussed)
- Target setting (what targets are set for performance and the degree to which they are stretching and connected and widely understood)
- Incentives/people management (how talent is attracted, managed and rewarded)

The authors of the work acknowledge that strategic activities such as leadership are excluded. So, the variation observed is solely due to the above three dimensions and reading between the lines, would be even larger if strategic aspects of leadership were included.

There are at least three things that are striking about this research. First, the magnitude of the effect of management on GDP. Second, the fact that this is research conducted by economists and a relatively new direction in productivity research, in a powerful and influential discipline as far as policy-making is concerned. Thirdly, the economists involved focussed their research on what they felt could be measured. They note that many important aspects of management and leadership are left out, as they could not be easily measured or that there was less consensus in their view about what is good practice. Here are the authors:

‘Many important aspects of management are left out. The focus of the World Management Survey (WMS) questions are on practices that are likely to be associated with delivering existing goods or services more efficiently. We think there is some consensus over better or worse practices in this regard. By contrast, we are not measuring ‘strategic’ aspects of management such as innovation, M & A, leadership, decisions about whether to enter new markets.’ Bloom, Lemus, Sadun, Scur, Van Reenen

The upshot, then, of all this is that their impact of the estimate of leadership and management practice on GDP is likely an under-estimate.

The importance of ‘soft skills’

The UK Government has acknowledged the importance of finding ways to spread effective management practice across the economy, and so boost productivity. In its recent industrial strategy, ‘Building a Fit Britain for the Future’, it highlighted research showing that the average UK manager is less proficient than many overseas competitors and drew attention to the £13 million investment in the work of the Productivity Leadership Group (PLG) in spreading best practice in management. The PLG is comprised of some of Britain’s most senior business leaders from leading employers such as Rolls Royce, BAE Systems, GlaxoSmithKline, and John Lewis Partnership. In July 2017, the PLG launched a ‘Be the Business’ campaign helping businesses benchmark their current level of productivity, access best practice advice and improve through structured management training. One of the points raised by Andy Haldane was that large numbers of businesses are often unaware that their management practices and productivity are poor, so benchmarking and greater sharing of practice could lead to significant improvements. This line of thinking has also led the PLG to establish a programme entitled ‘Productivity through People’ where large businesses reach out to smaller companies in their supply chain and invite them to take part in a co-funded management development programme.

This discussion leads us to a question of what might help or hinder the spread of effective management practice. A review commissioned by the UK Commission for Employment and Skills (UKCES) looked at this and concluded that it is largely leadership capabilities and ‘soft skills’ that are critical. These are shown in the diagram on page 11.

What is fascinating about this is the centrality of ‘soft’ issues such as trust, emotional support, self-awareness, communication skills and the effective management of change, all essential for effective leadership and thereby critical to improved productivity. It is evident that improving productivity is not solely about changing the way tasks are done but the way in which people are led, managed, and encouraged to work together.

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Adapting leadership to the changing nature of the world of work

Any debate around and action to build UK management capability also needs to be alert to how the demands on managers and leaders are changing. The UKCES review also explored the changing world of work and the likely impact this will have on the demands made of managers and leaders in the 21st century. The review looked at papers from leading bodies on the future of the working environment, leadership and management. The review identified a number of changes in the working environment and workforce that are likely to impact on what is required of leaders and managers. This year’s Agenda provides a series of data points against which the progress of leaders and organisations in meeting these (future) challenges can be assessed (See figure below).

<table>
<thead>
<tr>
<th>Future Challenges</th>
<th>Leadership Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>An increasingly multi-generational workforce</td>
<td>Roughly one in three managers do not believe that leaders and managers in their organisation are able to engage (30 per cent) and facilitate collaboration (31 per cent) across the generations</td>
</tr>
<tr>
<td>Technology will increasingly create and support virtual workplaces</td>
<td>One in two managers (49 per cent) do not believe managers in their organisations have the skills needed to effectively manage virtual teams and workers</td>
</tr>
<tr>
<td>Increased globalisation will mean more diverse workplaces</td>
<td>One in five (21 per cent) of HR managers think the capability of the HR function to develop an inclusive and diverse workforce is weak</td>
</tr>
<tr>
<td>Companies will increasingly do their work through various forms of partnership</td>
<td>Two in five managers (40 per cent) feel they do not spend enough of their time on partnerships</td>
</tr>
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</table>
Navigating all of those changes successfully requires deep self-awareness and highly developed interpersonal skills on the part of the leaders and the ability to build trust with people dissimilar to themselves.

There appears, then, scope for current leaders, managers, and their organisations to improve their current capability and to future-proof themselves with respect to the growing challenges likely to be presented by the changing world of work and its impact on productivity.

The implications of the gig economy for productivity

One of the future and growing challenges that leaders will face in the changing world of work, highlighted by the UKCES research is the growth in non-standard forms of work, including the so-called gig economy. The gig economy has featured heavily in the mainstream press over the last year. In November, Uber lost its appeal against a ruling which stated that drivers working for it should be classed as workers with minimum wage rights rather than self-employed. The company has said it will appeal the ruling. There are similar legal court battles pending for the firms City Sprint and Pimlico plumbers. The legal situation, then, with respect to workers in the gig economy is in flux.

The gig economy also raises moral, political and economic questions. For example, are we, as some have predicted, about to see the end of the employment relationship, with firms relying on an army of freelancers to do their work overseen by a small number of permanent employees in the C-Suite? And what are the implications of this for the psychological contract. Who might the winners and losers be in such an economy and what is the likely impact on productivity?

In this year’s Agenda, we were interested in exploring how managers, both inside and outside HR, saw the likely impact and implications of the rise of the gig economy. Interestingly, whilst managers feel that the gig economy may help foster productivity (42 per cent think it will) and innovation (52 per cent agree that the gig economy will help in this respect), only one in ten managers think it will have a positive impact on either engagement (11 per cent) or trust (10 per cent). Perhaps more tellingly, more than half think it will have a negative impact on engagement (53 per cent), and trust (54 per cent).
When asked about the challenges presented by the gig economy, a key theme emerging from managers was concern around how to engage workers with the mission, vision and values of their organisation when they sit outside it, and how this might impact the psychological contract between their organisation and the gig worker. Implicit in this is the concern that the gig worker will view the relationship as purely transactional and fears about what the organisation may lose as a result of this.

The implication it seems is that there are potential benefits from the use of gig workers but only if there is effective leadership to keep these individuals engaged with the organisation they are producing work for. This perhaps is no different from the challenges faced in working with a variety of people on different contracts, and it seems regardless of contract, the key issue may be how the ‘employment relationship’, whatever that looks like, is managed.

**Concluding thoughts**

Productivity is central to both the competitiveness of organisations and the UK economy, as well as being the answer to the UK’s stagnant wages. Despite the dominant narrative being around technology and machines as an answer to productivity, the centrality of management and leadership has been highlighted by hard data generated by leading economists and by the Chief Economist of the Bank of England. Self-awareness and the ability of leaders to engender trust appears to be at the heart of the ability to spread effective management practice. These qualities are likely to become even more in demand as workforces become more diverse and dispersed, and organisations seek to work more across boundaries and in partnership with others.
When people talk about their reasons for leaving an organisation, they invariably cite their broken relationship with their immediate boss as the principle driver behind wanting to move. That might mean there was a personality clash – where the interpersonal chemistry just wasn’t right – but it can also involve problems to do with critical aspects of the manager’s role and a weakness or lack of expertise, professionalism or behaviour associated with it.

So people talk about being unclear as to what is expected of them; they relate stories about inconsistency, favouritism and bullying behaviour. Often managers persist in managing others in the way that they themselves want to be managed - with the result that managers are unable or unskilled in varying their approach to managing different people in a more nuanced and sensitive manner. So someone who wants crystal clear direction might find a free-wheeling management style to be unnerving at best and scary at worst. Others might interpret a very close, tight, management style as being micro-managed – something which will turn off many people.

As Andy Haldane mentions in our piece on The Productivity Puzzle (p29): “...There is a statistically significant link between the quality of firms’ management processes and practices and their productivity.” So while it is important to look at improving productivity from a systems or investment perspective, there is also an urgent need to ask hard questions of our managers: “Do you really know what you are doing? Do you really know how to manage and lead people?”

The signs from our Management Agenda for 2018 are that the answers to these questions are likely to become more, not less, challenging as the UK workplace enters a truly tumultuous period of change. Not all of our managers seem to have the right skills to manage across generations, while about half of them feel we lack the skills to effectively manage virtual teams and workers. The advent of the gig economy will only serve to heighten these weaknesses in our management capability.

What this means is that we need to sharpen our strategic focus to major on three fronts in the battle to improve productivity and to attend to these simultaneously:

- The systems & processes dimension of productivity
- The investment & regeneration dimension of productivity and
- The leadership & management skills (human) dimension of productivity
AI and the fourth industrial revolution

There appear to be two broad schools of thought around the possible implications of the increasing prevalence of Artificial Intelligence (AI) in the workplace. The optimistic view is that as old types of jobs disappear, new ones will be created. Humans have always adapted to change. Also, the availability of Robots and AI to carry out the most monotonous, soul-destroying forms of work will liberate people to undertake more valued and meaningful forms of work. The pessimists, on the other hand, view the possibility that AI could lead to a class of people with no economic value and the need for radical policy measures such as the introduction of a universal basic income. The truth is, no-one really knows what will happen, but what is clear is that AI is taking an ever greater role within work and the workplace.

Perhaps the most widely talked-about example of AI and its implications for work is that of Amazon, and the work that goes on in its ‘fulfilment centres’, where orders are picked, packaged and dispatched by humans and robots working side-by-side. It is estimated that the introduction of robots to these ‘fulfilment centres’ has reduced the time it takes to fill an order from 1 hour to 15 minutes, and that there is now no more than 1 minute of human work required to fulfil an order. The main challenge in reducing that further is the ability of a robot to mimic the dexterity of the human hand, to enable it to pick and package items for a delivery. To meet this challenge, each year, Amazon launches the robotics challenge. The aim of the competition is for entrants to develop a robot that ‘identifies objects, grasps them and safely packs them in boxes’. It may not be long, then, before this obstacle is overcome and AI advances further into the workplace.

As another example of some of the work that is being undertaken in this field, Aviva, the insurance company, has a conceptual idea called ‘Ask it Never’, the aim of which is to deliver a process of applying for and claiming on insurance that does not require the customer to answer a single question, all relevant data about you, the customer, being obtained from the digital data trail that you leave behind from inputting data and information about yourself across the Internet. Aviva is investing in numerous start-ups to advance this idea. One such start-up aims to determine your body mass index (BMI) from selfies that have been uploaded onto the Internet.

I guess the point of all this is to say that things are moving, and fast. Faster than many people appear to realise.
Organisations need to do more to be alive to the challenges and opportunities presented by AI

Roughly one-fifth (21%) of people responding to our survey reported that their organisation did not have the technical skills and expertise to take advantage of AI. We asked those responding to our survey to say what, in their view, their organisation could be doing to better meet the challenges and opportunities presented by AI. A key theme from this data is that people in organisations really need to start talking about, and thinking about the implications of, AI. There is a clear view amongst many that their organisations already have, or are in danger of, falling behind developments and that there needs to be a greater awareness and understanding of both the threats and opportunities presented by AI. There is also a related theme of respondents wanting their organisations to be more open to change and to experiment more with respect to the use of AI.

WHAT, IN YOUR VIEW, COULD YOUR ORGANISATION DO TO BETTER MEET THE CHALLENGES AND OPPORTUNITIES PRESENTED BY AI?

"No one is even talking about it (or at least I am not hearing them if they are). Therefore, a good starting point would be to put this on the table as a topic for discussion."

"Start thinking about it and its implications. This is a very conservative and rigid work environment."

"More experimentation early on."

"Scan the horizon more in terms of what’s coming in the longer term rather than what is known to be coming or has arrived."

"I am not sure we fully appreciate the opportunities and threats presented by AI."

"Again, be more open to change and be more broad-minded about how AI could be used within the business."

21% of managers do not think their organisation has the technical skills and expertise to take advantage of AI.
The tone set by senior leadership teams is key

A prominent theme in comments from managers responding to this year’s Agenda is a lack of engagement from senior leadership with the workplace transformation likely to be wrought by AI. Less than one-fifth of managers (17%) report their organisation having the leadership it needs to take advantage of AI. From comments received, there is a picture of senior leadership teams in some organisations being perceived as in denial or afraid of taking risks.

Organisations need to do more to anticipate the implications for their workforce and plan for the future

Research around the likely impact of AI on the workforce of the future has highlighted the following:

- Whilst 45% of tasks currently performed in the workplace can be automated, only 5% of jobs can be fully automated
- Estimates vary as to the percentage of jobs that might be automated in the future. Projections vary from 9 per cent (OECD) to 47 per cent (Frey and Osborne, 2013)
- The risk of automation is bound up with skill level and inequality. The risk of GSCE-level jobs being automated is 46 per cent. The equivalent figure for degree-level jobs is 12 per cent.
- The jobs that are growing fastest across the OECD are those requiring high levels of skills proficiency
- The life cycle of skills is shorter than ever, and on average, by 2020, more than one-third of the desired skill sets of most occupations will be comprised of skills that are not yet considered crucial today (World Economic Forum)
- Some estimates suggest that up to 65 per cent of the jobs that Gen Z will do, do not even exist yet
- Employability in the future will not depend so much on what you already know, but what you are likely to learn – in this context, the desire and ability to learn new skills will be key to employability
- As technology replaces cognitive and manual routine tasks, people will be required to take on non-routine tasks and skills such as creativity, emotional intelligence and cognitive flexibility will become critical to success in the labour market.

Helping people upskill and adapt to a fast-changing world is likely to be a defining challenge of our time. With this backdrop, it is somewhat surprising that less than half of managers report their organisation investing in reskilling employees. It is clear, though, that there are organisations that are thinking about this. In a recent interview, a representative from Aviva reported that they were thinking internally about the likely shape of their future workforce, the realisation that people are likely to have many careers and types of jobs over the course of their working lives and the need to build traits such as resilience, adaptability and curiosity, both in their own workforce and more widely. Many of the managers responding to our survey highlighted the need for their organisation to start thinking more proactively about the impact of AI on the workforce.


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What can your organisation do to meet the workforce challenges and opportunities presented by AI?

Start communicating the roles that will potentially be affected and what we are going to do to reskill those affected and think about the new jobs that will be created by AI

Invest more in really tying down what skills are going to be needed as we digitise many of our services and ensure that everyone is ‘reskilled’

My main concern is our people whose roles will be replaced by AI and if they have capabilities to adopt to a different future. There will be people who do, with support and there will be a chunk of the workforce who will struggle to find work. My company needs to have a plan/strategy to work out how we support people through this change. It’s not just Corporate Social Responsibility. It’s a decent thing to do if we are a truly values-driven organisation

Work more closely with our unions to engage them in the changing landscape and potential reskilling of our workforce to meet future needs

Identify which jobs will probably go, be open to employees about it. Start reskilling and start creating new roles

Concluding thoughts

What is less clear in the data from this year’s survey, are questions about what we want robots and technology to do. Even if it is possible for technology to perform certain tasks, such as managing and monitoring performance, is that desirable? What role do we want technology to play in the world of work? How do we ensure that work is still humane, especially in a context in which some would say a major issue is not so much that robots are becoming more like humans, but that too much low-paid and low-skilled work asks humans to behave more like robots.
Commentary on AI and the Fourth Industrial Revolution

In all the discussion on and off-line about the impact of AI, what gets missed is something profoundly simple. Much as the respondents in our MA survey would like to believe, possibly, that much of this ‘stuff’ is round the corner and far away enough to leave to someone else or our successors, in many instances it’s not.

The social, political, economic and ethical implications are being discussed but nowhere near enough, as Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, points out:

“Today’s decision-makers, however, are too often trapped in traditional, linear thinking, or too absorbed by the multiple crises demanding their attention, to think strategically about the forces of disruption and innovation shaping our future.

In the end, it all comes down to people and values.”  Klaus Schwab

One thing is for sure, HR and OD will be impacted too. Already recruitment is changing as EAI is used to pre-screen large numbers of candidates before human HR people get anywhere near interviewing them. As the first EAI Executive Coaches come on line, my money is on that revenue stream shrinking for OD practitioners. The technology is there, it is a question of costs coming down and social norms changing, but given the comfort my 10 year-old daughter has with Siri and Alexa, I suspect she will not be too fussed talking with a ‘machine intelligence’ to get some support and challenge later in her life.

What is also clear is that the status quo is not an option. A lot of our long held assumptions are being thrown up in the air. How things unfold is not clear, and the best we can do is make sense of the emerging patterns. There are many to look for. In addition to those highlighted above, one that points to a key shift for HR and OD is the increasing demand for those skilled in the ability to see the whole system, make sense of it and help re-design it. As organisations evolve that is the increasingly pressing need.

That requires those of us in the business of developing people and organisations to develop ourselves and challenge some of our assumptions about the nature of our own professions and practices. Crucially, it requires a shift from simply regarding this as an intellectual or academic exercise, rather it is about reassessing and redefining our labels and practice more than we have ever done.
Diversity

The arguments have been well made - when organisations are truly inclusive both the people within them and the bottom line benefit. This year in the Management Agenda we explored two aspects of diversity; cognitive diversity and the gender pay gap. Our aim was to discover how equipped organisations are to capitalise on the cognitive diversity in the working population, and also to explore the perceived impact the new legislation, requiring organisations to publish their gender pay gap, is having on gender diversity.

Cognitive Diversity

There has been a noticeable trend of organisations broadening their focus on diversity beyond the visible aspects of diversity such as race, gender, age or physical ability, to include a focus on the value brought by differences in thinking and problem solving. We believe that valuing difference over homogeneity is firmly taking root. For example, we found, in our recent piece of diversity research work, conducted for a large UK-based manufacturing organisations, that the phrase ‘different like you, not different to you’ (attributed to Dr Laraine Kaminsky) resonated deeply with the senior management team. The question is how equipped are organisations to accommodate and embrace new and different ways of thinking, working and collaborating. Deloitte’s research found that 46% of HR executives rated their organisation’s provision of formal programs to build an inclusive environment as weak.

Studies have found that teams containing individuals with a greater diversity of thinking styles are more likely to perform well when faced with managing new, uncertain and complex situations. In fact in their study, Reynolds and Lewis\(^2\) found that cognitive diversity was more predictive of positive performance outcomes than age, ethnicity and gender diversity.

We believe these findings have significant implications for recruitment processes, especially those focused on looking for organisational ‘fit’. Perhaps organisations should be deliberately looking for people who don’t fit, rather than do? I’ve been sitting in meetings in the past where one particular individual is challenging the status quo, either by their questions or their point of view, and have observed colleagues looking physically uncomfortable. Yet it appears that this discomfort is essential if organisations are to be equipped to deal with a volatile and uncertain world.

In our survey we asked our respondents whether their organisations deliberately looked for employees who did not fit, only 14% said their organisations did this. Of all sectors, the Not for Profit and Private Sectors are the ones most likely to indicate that they deliberately look for people who may not ‘fit’ (both 17%). However, our data found that the larger an organisation, the less likely they are to do this (28% decreasing to 13%).

Many organisations have taken steps to reduce unconscious bias in interviews with regard to protected characteristics such as gender and ethnicity, but many will be unknowingly recruiting in their own likeness when it comes to the way people think and express themselves – in our survey 37% of respondents indicated that their organisations were not effective at recruiting for cognitive diversity. The impact of organisations with low cognitive diversity is teams of people who have limited ability to see things differently. For example, picture an insurance company with a strong, dominant analytical culture. Their recruitment process and interviewers are likely to look for and value people who demonstrate an analytical thinking style, and screen out individuals with a thinking preference to experiment or ‘to give something a go’ – this thinking style would be highly challenging in such a culture. However, the message is clear from Reynolds and Lewis’ work, “when you face a new, uncertain or complex situation, and everyone agrees on what to do, find someone who disagrees”.

In the research, as well as exploring the recruitment of individuals with cognitive diversity, we asked how effective organisations were at leveraging the benefits of cognitive diversity and we found that only a quarter (26%) of respondents feel that their organisation is effective. Our data suggests that smaller organisations feel better able to leverage cognitive diversity than larger organisations (49% agreement in organisations with less than 50 employees reducing to 20-26% in organisations with more than 50 employees).

WHICH OF THE FOLLOWING STEPS (IF ANY) DOES YOUR ORGANISATION TAKE TO ENCOURAGE DIFFERENCE?

<table>
<thead>
<tr>
<th>Step</th>
<th>Percentage</th>
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<tr>
<td>Reward or recognise dissent/challenge</td>
<td>30%</td>
</tr>
<tr>
<td>Encourage or support people who play devil’s advocate</td>
<td>30%</td>
</tr>
<tr>
<td>Encourage improvisation</td>
<td>37%</td>
</tr>
<tr>
<td>Actively seek to recruit people who may not ‘fit’</td>
<td>14%</td>
</tr>
<tr>
<td>Create opportunities for people to really get to know one another</td>
<td>70%</td>
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\(^2\) Reynolds and Lewis (2017) Teams solve problems faster when they’re more cognitively diverse. Harvard Business Review
FIVE WAYS TO LEVERAGE COGNITIVE DIVERSITY AND ENCOURAGE DIFFERENT WAYS OF THINKING

1. Open
   - Ensure your leaders have an inclusive mindset and truly value difference. Leaders need to be open to challenge and comfortable with colleagues expressing a different way of thinking. They need to be able to step out of their comfort zone.

2. Bold
   - Leaders at all levels in the organisation should be bold in their support of people who voice differences in perspectives. Our survey found that rewarding and recognising dissent and challenge is an approach taken by less than a third (30%) of our respondents’ organisations to encourage difference.

3. Difference
   - Explore the degree of homogeneity in thinking styles in decision making groups across the organisation. Tools such as MBTI, Insights, AEM Cube could help organisations identify styles that are less represented in teams across the organisation and help them move towards a more inclusive way of working.

4. Accountable
   - Hold leaders accountable for creating an inclusive, collaborative culture allowing different perspectives to flourish. What gets measured gets done. Make it part of their KPIs.

5. Reinforce
   - Ensure the organisation’s competency or value frameworks (which underpin recruitment, development, and performance management) reinforces emotional intelligence, leading and engaging diverse teams and collaborative leadership.

TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

- **My organisation is effective at recruiting individuals with different ways of thinking (cognitive diversity)**
  - **Agree:** 39% (Base size (n) = 584)
  - **Disagree:** 37%

- **My organisation is effective at leveraging the benefits of cognitive diversity**
  - **Agree:** 26% (Base size (n) = 581)
  - **Disagree:** 46%
The gender pay gap

Achieving gender equality in society as well as the workplace is an aim we all, men and women, have a responsibility to strive for. It’s saddening when figures like those reported by the World Economic Forum say that it will take 100-168 years for men and women to be equal. We are however heartened at signs that since 2010 the rate of progress has been increasing in some areas. For example, in the 2010 election the proportion of female MPs in Westminster was just over a fifth (23%), this increased to 29% in 2015 and now stands at just under a third (32%) following the 2017 election. If this rate of change is sustained we could see gender equality in politics as early at 2040. Yet this is just one social arena. A report by the Council of Europe found that across the UK only a quarter of professional judges are women. In the UK female artists account for 4% of the National Gallery of Scotland’s collection and 35% of Tate Modern’s collection. Women directed just 8% (12) of the 149 major films slated for release over the next three years. Author Laura Bates in her book ‘Everyday Sexism’ calls the combination of stereotypical notions of gender, sexual harassment, the portrayal of women in the media, the objectification of women and workplace imbalance ‘a perfect storm’. Bates’ view is that it is essential to challenge all forms of gender imbalance and prejudice, no matter how small, in order to tackle the overall problem. This was the very brave step that Carrie Gracie, BBC China editor, took recently when she went public over her equal pay dispute with the BBC. High profile media stories like this which bring gender inequality into the open are critical for keeping the topic in headlines and the hearts and minds of everyone. In our research we wanted to explore the role that gender pay gap reporting plays in keeping the issue high on the agenda for all UK organisations.

Starting with the Equal Pay Act of 1970 and followed by the Equality Act in 2010, for nearly 50 years now it has been illegal to treat men more favourably than women in terms of pay and conditions of employment. In April 2017 employers were given up to 12 months to publish their gender pay gaps (see box).

The gender pay gap reporting requires organisations to make 6 calculations:
1. mean gender pay gap (average)
2. median gender pay gap (reporting the number found at the exact middle, when compared to the mean gives an idea of the distribution of a dataset)
3. mean bonus gender pay gap
4. median bonus gender pay gap
5. proportion of males and females receiving a bonus payment
6. proportion of males and females in each quartile band

Shadow culture secretary Tom Watson said despite the spotlight being shone on gender pay "there is still a very long way to go". The Office of National Statistics Annual Survey of Hours and Earnings reports that in 2017 full-time male employees earned on average 9.4% more than women, and although median and mean hourly pay provide useful comparisons of men’s and women’s earnings, it is important to recognise that they do not reveal differences in rates of pay for comparable jobs. Korn Ferry found that comparing the earnings of men and women who work in the same company, at the same level, performing the same function, the average total pay gap in the UK reduced from 28.6% to 0.8%. So it is generally understood that women are not being paid less than men to do the same job, they are doing different jobs, which pay less. This is clearly demonstrated in Figure 1 showing the proportion of males and females at the bottom, middle and top of 579 organisations that have so far published their gender gap data.

We want to end gender inequality—and to do that we need everyone to be involved. ...I want men to take up this mantle. So their daughters, sisters and mothers can be free from prejudice but also so that their sons have permission to be vulnerable and human too—reclaim those parts of themselves they abandoned and in doing so be a more true and complete version of themselves.

Emma Watson
Actress and UN Women Goodwill Ambassador

3 England & Wales (30%), Scotland (23%) and NI (23%). Council of Europe (2016) European judicial systems: efficiency and quality of justice
4 Source Indiewire
5 Accessed 15.12.17 http://www.equalpayportal.co.uk/statistics/
6 Korn Ferry ‘The real gap: fixing the gender pay divide’ (2016)
Figure 1: Data from 579 organisations which have reported their gender pay gaps

We asked in our survey how confident respondents were that the gender pay gap reporting requirement would bring about change in their organisation. 77% of managers thought either that reporting wouldn’t bring about change or were unsure about whether it would make any difference.

A large number of respondents told us in response to our free text question that they didn’t have a gender pay gap, and a notable number of respondents questioned whether the focus was appropriate:

“Does anyone believe that the analytics of what is being asked to be reported make any statistical sense? I am embarrassed with how this has been positioned and how on earth this is going to drive effective change in a way that is not destructive and decisive.”

“The gender pay gap was the wrong thing to measure to draw out pay differentials between men and women, as such most business won’t change as a result.”

How confident are you that the gender pay gap reporting requirement will bring about change in your organisation?

4% very confident
26% confident
44% unsure
20% not confident
6% not at all confident

Data accessed 15.1.18 at https://gender-pay-gap.service.gov.uk/viewing/download
So how can organisations help to nudge society towards a more inclusive, gender equal society? We analysed the answers of over 300 responses to the question ‘What changes have, or is your organisation planning to make, in response to the requirement to report the gender pay gap?’ and found the actions being taken by organisations fell into seven key areas:

SEVEN WAYS TO GENDER EQUALITY

1. **FLEXIBILITY FOR ALL** Seeking to create a truly flexible workplace. Whilst many comments relating to having greater flexibility also mentioned maternity benefits, others were focused on promoting opportunities for both male and female staff, at all levels, to work flexibly.

   - Increased promotion of opportunities for staff at all levels to work flexibly

2. **UNCONSCIOUS BIAS** training was also a popular response for many organisations to reducing the gender pay gap. This is a helpful step towards reducing the impact of social stereotypes in the work place, for both men and women.

   - Looking at our unconscious bias to challenge ourselves

3. **ATTRACTIVE TO WOMEN** Taking positive action to attract women into their industry and into senior roles. The importance of having senior female executive role models was also considered crucial

   - More effort to bring positive action into play in regards to gender and to balance female/male managers throughout the business

4. **BALANCED RECRUITMENT** Focusing on recruitment and promotion processes. This included the introduction of blind recruitment processes, ensuring mixed-gender shortlists, and the setting of gender-balanced recruitment targets

   - We have introduced diversity targets for teams and their recruitment

5. **USE OF ANALYTICS** The use of data analytics to build a deeper understanding of gender inequality and to review and monitor pay structures and decisions

   - Change the way we do salary review (not just based on performance and salary vs market, but use gender as part of the decision making process)

6. **DEVELOPMENT** Focusing on the development of women, with the explicit aim of evening out opportunities for women. For some organisations this may take the form of a ‘women in business’ programme, for others it may be the creation of networking or forum events

   - Looking at women in leadership forums, trying to even out opportunities for women.

7. **SENIOR CHAMPIONS** Raising the awareness and gaining the buy-in of senior leaders/CEO. This involves ensuring they are aware of the data with regard to gender difference, and requiring them to attend Women in Leadership events to challenge their biases

   - Shared all the data with senior management. CEO very supportive of improving the gender split at a senior level in our organisation. More senior females have been recruited / promoted already.
Concluding thoughts

Shifting deeply ingrained bias and traditional power structures is a very difficult task. For this reason we believe that all attempts to drive change, such as mandatory gender pay gap reporting, should be welcomed. It is by no means a perfect tool but it can be argued that it has been a catalyst for organisations to pay greater attention to gender inequality and has taken us a step closer to transparency, which is a very positive leap forward. But clearly there are limitations to reporting gender pay gaps, as we have learnt from the BBC cases. Injustice and inequality can still occur even when an organisation believes, as the BBC stated, that ‘their gender pay figures show that we are performing considerably better than many and are well below the national average’. A very different perspective to that articulated by Carrie Gracie:

Salary disclosures the BBC was forced to make six months ago revealed … an indefensible pay gap between men and women doing equal work. … For the first time, women saw hard evidence of what they’d long suspected, that they are not being valued equally. … This is not the gender pay gap that the BBC admits to. It is not men earning more because they do more of the jobs which pay better. It is men earning more in the same jobs or jobs of equal value. It is pay discrimination and it is illegal.

Carrie Gracie, BBC China Editor

Arguably the place we need to get to is a place where organisations are required to demonstrate complete transparency in their pay structures.

Alongside efforts to tackle pay inequality, organisations need to tackle the indisputable fact that women are getting ‘stuck’ somewhere in the middle of organisations with many not making it into senior positions. This is the argument put forward by Korn Ferry, using their Four Stages of Contribution model. They talk about women becoming stuck at Level 2, the independent contributor level, and fewer women than men making it into management roles (Stages 3 ‘Contribute through others’ and Stage 4 ‘Contribute strategically’). One reason for this is offered by Claudia Goldin, who explains that women, after having children, are choosing professions, organisations or roles which offer them greater control over their working patterns. She calls this ‘temporal flexibility’ and she argues that it is this drive to be in control of the hours they work, rather than having hours imposed on them by an organisation, which comes at a considerable cost. Being able to be there when the firm wants you to be there earns you a lot more money.

To tackle this inequity, workplaces need to embrace flexibility for all. Research conducted by Bain & Company and CEW identified a number of factors which are driving the demand for truly flexible workplaces. These are: increases in dual income households, the ageing population, and the new workplace expectations of the millennials. However, a study by Timewise found that less than one in 10 quality jobs – paying £20,000 FTE or above – were advertised as being open to flexible working options, indicating that the world of work has some catching up to do to meet the demands of the population.

The more organisations can think creatively about the flexible ways in which their senior roles can be organised, for example, embracing 1.2 job shares, compressed hours (4 x 9 hour days) working weeks or homeworking opportunities, the more attractive they will be to women, future generations, as well as encouraging men to seek a better balance in their working and family lives.
Commentary on Diversity

It is often tempting to look at diversity – both in organisations and in society – through the visible lenses of diversity of ability, gender, age, skin colour or speaking accent. Perhaps because it’s easier to do so; or perhaps because for a long time, diversity initiatives had to be quantified, monitored and implemented through these lenses. While certainly a useful first step, I would argue that in the 21st century, continuing to look at diversity initiatives solely through those lenses does us a disservice, as leaders, organisations, societies and human beings.

What about diversity of opinion, social or religious perspective, political or economic views? What about diversity of backgrounds, experiences, motivations? And what about a diversity of thought, engagement, discourse and intention? How far are we prepared to consider or entertain those in our recruitment, development and management practices? What do we do when we feel that someone is just “plain wrong”, and that it is our role to correct their unhelpful attitude?

Ironically perhaps, with the speeding up of 21st century discourse, both online and offline, it is my experience that we are becoming less patient and tolerant of differing views. There seems to be something in the increasingly digitally enabled world – the world, after all, that is created by zeros and ones – that encourages quick decisions over exploration, speed over curiosity, group think over diversity.

Focusing on this latter, and – let’s admit it – far harder, aspect of diversity will be a good practice for many of us in the changing world of work and human engagement in the 21st century. When done well, this approach can foster a culture of true curiosity and not taking our world-view for granted, which can lead to greater understanding, collaboration and innovation. It can also lead to many of those voices that were silenced for generations – and perhaps still are, in many parts of the world – being able to express themselves freely, with less fear of being judged or shut down. And it can lead to all of us learning and growing together, rather than relying on the already established power structures, while adding some more colour and fewer body parts in the mix. It could also lead – and here’s hoping – to the new diversity of thought, perception and discourse, creating different power structures. Or better still, moving away from taking power structures for granted – both in organisations and in societies – and working towards a world that is creative, collaborative and innovative.
Rethinking performance management

There has been much in the HR press about the death of the annual performance review and the revamping of performance management. Big name consultancies such as Accenture and Deloitte are frequently referenced as having overhauled their approach to performance management. The perceived problems underlying this shift are multiple. They include:

- Performance management is not doing the job it is intended for, with 58 per cent of Deloitte executives, for example, believing that the company’s (former) approach to performance management did not drive high performance or engagement. Similarly, in last year’s Agenda research, roughly two-thirds of HR managers did not think their performance management approach drove high performance or engagement.
- Existing processes are too cumbersome and time-consuming, with Deloitte estimating that they were spending two million hours per year on (discussions about) ratings. Research cited by Gallup suggested that the cost of lost time spent on traditional approaches to performance evaluation is estimated to range from $2.4 million to $35 million per year for a company with 10,000 employees.
- The way work is done has changed from the time when traditional, annual performance reviews were established. Annual performance reviews were felt to work ok when businesses were more rigidly structured and hierarchical with job requirements more predictable and consistent over time than they are now. Employees are now felt to work commonly in much more dynamic environments where responsibilities are continually changing, requiring a more individualised and flexible approach to performance management.
- Performance management has been undermined by ineffective feedback, partly as a result of its lack of timeliness (the annualised nature of the review meant that feedback was separated in time from the behaviours evaluated), and the inability of managers to evaluate employees’ behaviour with any degree of consistency or granularity. The perception of managers is also felt to be unduly influenced by common decision-making biases, so much so that ratings tell us more about the rater than the ratee (research on ratings has revealed that up to 62% of the variance in ratings can be attributed to ‘individual raters’ peculiarities of perception’ whilst actual performance accounted for only 21% of the rating).
- The annual review is felt to be too focussed on past performance and identifying weaknesses, rather than focussed on the future and strengths.
- Managers may avoid making difficult decisions, avoiding giving members of their team high or low ratings to avoid having to justify a high rating or explain and defend a low rating to a colleague.
- To avoid the above problem, forced rankings have been introduced but these are perceived to carry another problem, encouraging competition when what is increasingly needed in workplaces is effective collaboration.
- Some commentators, Gallup for one, have also noted a problem with linking the performance appraisal with pay decisions, and that doing so can lead to individuals gaming the incentive system, poor collaboration, and neglecting responsibilities that are not incentivised. It is also argued that the close connection between performance evaluation and pay, shifts employees’ focus in the performance review from absorbing developmental feedback to worrying about its implications for their pay.

So, a long list of perceived issues. In response, there have been a multitude of suggested approaches to ‘fix’ the issues with performance management. The suggestions are often conflicting, and if you look under the bonnet of most of them, whilst they have definite merits, they also carry some of the same problems and issues as old-style performance appraisal.

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New approaches have their merits but be wary of simple solutions to complex issues

Starting with the most common change proposed, that of shifting from yearly reviews to more frequent conversations with managers. This is the main thrust of the argument proposed in revitalising performance management, and in our view is a good thing. That said, isn’t that what managers should be doing anyway? Various mechanisms are proposed to make these conversations more frequent, but whatever the mechanism, the intention is the same. There is also a general shift to managers being better able to coach employees and to improve their performance, with some such as Gallup advocating a strengths-based approach. Getting managers to have frequent, empowering conversations with their staff is clearly a good thing. The sole emphasis, however, on a strengths-based approach feels like an oversimplification of the management task. Sure, build and develop individuals’ strengths and recognise and appreciate what they do well, but this is rarely enough if an individual wishes to progress and needs to develop aspects of themselves that are less strong or natural.

In an article about Deloitte’s revised performance management system, the authors identify three key objectives:

1. To recognise performance particularly through variable compensation. It is worth noting here that other leading proponents of revising performance management, such as Gallup, suggest decoupling pay from the review
2. Be able to see performance clearly, avoiding idiosyncratic rater effects and streamlining performance evaluation
3. Not just to measure performance but to improve it, through regular check-ins and strengths-based coaching

It is instructive to note that to achieve the above objectives, Deloitte’s approach has been to streamline the process of evaluation through dispensing with 360 feedback and relying solely on the judgments of the team leader. The obvious question becomes, doesn’t that invite the possibility of bias and a less rounded view of the individual? Their answer to that is in the form of a question they ask managers to answer. They argue that whilst people rate other people’s skills inconsistently, they are highly consistent when asked about their own future actions with regard to that person. But surely, consistency does not equal absence of bias? Cannot one be consistently biased? The authors of the article note at its conclusion that we are best served by not trying to capture the infinite variety and nuance of a human being in a single number, and that better understanding comes from multiple rather than a single point of data. And that if we want to be able to do our best to tell you where you stand, we must capture as much of your diversity as possible. They say they have not solved this issue yet, and it seems to me in relying solely on the judgment of the manager they risk increasing rather than reducing bias.

It is, perhaps, worth reminding ourselves what performance management is: ‘a process that contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, performance management establishes a shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved’.

This is a complex task. We should be wary of those who think they have an easy solution for us. Perhaps the best we can do is to equip our managers with the skills and capabilities to manage, and empower them to get on with it, and recognise also that it is not an easy job. We shouldn’t try to wrestle managerial decision-making away or over-rely on systems and processes, although they can be a useful prompt and support. Another way of saying this may be; a great process cannot make up for a bad conversation, but a good conversation can go a long way to make up for a less than perfect process. And, let’s face it, most processes tend to be just that – less than perfect.

HOW WOULD YOU RATE THE CAPABILITY OF YOUR HR FUNCTION WITH RESPECT TO ITS APPROACH TO PERFORMANCE MANAGEMENT?

16% EXCELLENT
59% ADEQUATE
24% WEAK
1% DON’T KNOW

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Concluding thoughts

Listening to the voices of our respondents to this year’s Agenda, what people want are ‘consistently confident managers who recognise day-to-day contribution and who empower colleagues’ and who ‘take the opportunity to provide me with more structured feedback in areas of strength and areas where I can improve’. These are reasonable and wholly worthwhile requests. They also require a high level of skill upon the part of managers. Recent trends in performance management have significant merit in using systems and approaches that encourage managers to talk more frequently with those they manage, and place greater emphasis on managers coaching and supporting their teams. On the other hand, some of the proposed solutions can seem deceptively simple and alluring. Looked at more closely, they carry many of the same challenges that have bedevilled previous approaches. Effective performance management is not easy. It is not simple. It is complex and messy. It involves, at the end of the day, relationships between people, who may be very different in their needs, values and motivations. Whilst the move from annual reviews to more frequent conversations is to be welcomed, at the heart of effective performance management are effective, capable people managers who care for those they manage and want to see them grow, develop, and make the most of their capabilities.

Perhaps also there is a problem with this idea of ‘managing performance’. Perhaps we should focus more on ‘developing performance’. Much of performance management seems to revolve around the idea that a process is needed to ensure that employee x is doing a, b, c, and if all employees do their a, b, c’s and we, as managers, make sure that that happens, the organisation will function and people will feel motivated. But what if that is all too complex and the underlying philosophy is wrong. What if we applied McGregor’s Theory Y and assume most people want to do a good job, and want to develop in their role. So long as they have a broad concept of what they are there to do, perhaps the role of the manager in the modern workplace is simply to empower and facilitate the development and growth of individuals and enable them to do their job better. Performance management may be too complex. Maybe in this dynamic and ever-changing world, we need to simplify matters and simply ask ourselves: is this person doing a good job? How could I help them do it better?
Perfect performance management strategy...

If only we could find the answer all our problems would be solved! The continued interest and dissatisfaction, or struggle for effectiveness in this area, is borne out by our management agenda data, our experience in the market and many ongoing conversations.

A quick Google search throws up 239,000,000 results for ‘performance management systems’! If only we could know which one works best! The top results offer ‘easy’ and ‘simple’ as enticements for their particular offering but I wonder if there was such a thing would the market now be offering fewer potential solutions? Perhaps performance management is neither easy nor simple, rather being complex, difficult and often clumsy..?

Fundamentally, we maybe would do well to hold on to the fact that performance management, even when utilising the most advanced ‘system’, is always a meeting and exchange between human beings.

And, as we know, from experience on both sides of the meeting, these exchanges can range from dreadful, through meaningless monotony to truly developmental, and plenty more besides... Surely preparation, frameworks and systems do help us make these exchanges more useful and positive rather than wasteful and negative. However, perhaps perfection is neither possible nor is it a desirable aim.

Fundamentally performance management is a human process.

As with all human interaction, performance management conversations are always unpredictable and uniquely occurring in time. They take place between people who always have lots going on and all sorts of history, not to mention multiple deadlines and projects pressing in on their time and focus. However, those moments, those meetings are always opportunities.

Opportunities to explore direction, check in with others, review and set goals and opportunities to learn how to better have conversations that help us all. Also, they always offer the chance to learn; about others, ourselves and our practice of working and being together.

Perhaps if we accept that the process of performance management is an imperfect, anxious and challenging process then we might engage with it in a more relaxed, curious and developmental manner. Good performance management strategies may well be best placed when firmly grounded in the humanity and relational experience of work, acknowledging that fundamentally they are exchanges between people that can never be perfect and paradoxically accepting this is the first step to making them better.
The shadow of Brexit

Bill Winters, the CEO of Standard Chartered, the UK’s fifth-biggest bank, has recently gone on record to say that Brexit is affecting London’s talent pool and that he feels that this is a result more of how the UK is perceived than any regulatory constraints.1

“We have already had some setbacks for the talent pool in London through the restriction on student visas. That’s already a problem. Some of the best talent we can have in the UK marketplace is coming from students that have chosen to study here and then stayed for some extended period afterwards...We’ve noticed that’s been impacted already. More through a sense from non-UK (people) that this might not be such a hospitable place any longer – it’s more psychological than contractual’ Bill Winters, CEO, Standard Chartered Bank

News reports suggest that other sectors of the economy are being, and are likely to be, affected. According to a report by KPMG2, EU workers make up one quarter of the three million workers in the hospitality industry. Senior figures in the industry have been warning that staff shortages brought by an exodus of EU workers and a dearth of new arrivals post-Brexit is a crisis in the making for the UK’s fourth largest employer. This is making the sector an employees’ market and the industry, and employers within it, are needing to think about how to change the industry’s image and retain their best staff.

It is not only the private sector that is feeling the effects of Brexit. In a Guardian newspaper article3 published in September last year it was stated that almost 10,000 EU nationals have quit the NHS since Brexit. Recent BBC analysis4 of NHS Digital data suggests that the proportion of EU nationals leaving jobs in the NHS is rising, whilst the share of those joining is falling (see Figure 1 below). This confirms much of the anecdotal evidence and has led Janet Davies, Chief Executive of the Royal College of Nursing, to say:

“during Brexit negotiations (Prime Minister) Theresa May must reassure nurses from around Europe that they are needed and welcome in the NHS. It would not survive without their contribution”

More recently, Ben Bradshaw, Labour MP, has said:

“the reality of Brexit so far has been a weakened health service with fewer resources and a Brexodus of nurses and doctors”

50% of managers believe Brexit will have a negative or very negative impact on their ability to recruit and retain the staff their organisation needs

Figure 1

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1 http://www.bbc.co.uk/news/business-42257277
4 http://www.bbc.co.uk/news/business-41556997
So, what seems clear from all this is that organisations will need to place increasing emphasis on talent management. This is borne out by recent research. The CIPD’s 2017 Resourcing and Talent Planning survey[^5] highlighted that organisations were renewing their focus on talent management in the light of Brexit and other political and economic challenges. Over half of CEOs were reported to be prioritising it and increasing talent management budgets. So, how can organisations make the most of their talent management efforts? And what are organisations doing to reach new sources of talent?

**Meeting the attraction and recruitment challenge**

In response to the challenges presented by Brexit, employers need to pay more attention to, and be more creative about, how they attract and find talent for their organisation. Responses to this year’s Agenda suggest HR is focussing more efforts on building an attractive employer brand and diversifying talent pools, looking for talent in hitherto untapped parts of the community. HR managers reported an increased use of social media to build their employer brand and a range of initiatives to reach out to diverse groups of potential candidates.

**SIX WAYS IN WHICH ORGANISATIONS ARE CREATIVELY ATTRACTING AND RECRUITING TALENT TO THEIR ORGANISATIONS**

1. **CREATING A SOCIAL MEDIA PRESENCE** – the use of social media for recruitment ‘is rapidly becoming the norm’, whether that be advertising roles on Linked In, Facebook, Twitter and Snapchat, or the generation of content for these sites to promote the organisation and drive a desire to work there.

   "We are moving away from print advert where the post is recruited from nationally rather than locally. We are starting to use Facebook and and highlighting the (organisation’s) achievements in ground breaking areas.

2. **BUILDING LOCAL CONNECTIONS AND PARTNERSHIPS** – many organisation have developed outreach programmes which involve them engaging with local schools, colleges and Universities, providing mentoring, internships and apprenticeships schemes. Other organisations ensure they have a representation at local events when aimed at their industry, or build partnerships with local businesses and communities.

3. **DRIVEN BY DIVERSITY AND INCLUSION** – organisations are using the recruitment process to give clear messages about their inclusive environments, using videos, and packages such as Textio to gender neutralise the language. Others use positive action schemes which target specific groups, e.g. mothers, BME groups and take steps to provide recruitment support for diverse communities.

4. **NETWORKING: A CASUAL AFFAIR** – recruitment using employee networks is still very evident. Much of it is now on social media with both the direct approach being taken and increasingly the more casual approach of asking employees to be ambassadors for their organisations through blogs and activity on specialised sites.

5. **Resourcing and Talent Planning 2017 (CIPD)**
5. **EMBRACING THE DIGITAL (VIRTUAL) WORLD** – whilst many of our respondents described their organisations’ approaches to recruitment as ‘traditional’ some are embracing the digital world by conducting video interviewing or requesting video job applications. Others are venturing into the world of virtual reality by using virtual reality gaming in their selection processes or being involved in the set-up of cyber gaming to develop brand awareness.

6. **THE FUTURE IS OFFERING FULL FLEXIBILITY** – organisations are recognising that to attract a diverse workforce that being able to offer greater choice over working hours is a major benefit.

**Talent management is not working**

Whilst employers may be seeking to invest greater resources in talent management, nearly two-fifths (39%) of HR managers see their organisation’s approach to talent management as weak. This could, of course, reflect previous underfunding of the area but it may also reflect a feeling that talent management is not delivering what is hoped. The reasons for this are unclear, but one potential reason is the tendency of organisations to think in terms of the talent they currently have, rather than the critical roles, skills and capabilities they will need to be successful in the future. A second reason may be that for talent management to really work, it needs to be owned by the business rather than be seen as an unwieldy process owned by HR. Sure, HR needs to support managers in identifying their critical skills and succession risks but should stop short of owning and enforcing a process on managers that they themselves do not feel is helpful. It appears that an approach to talent management that is more future-focused, owned by managers and more closely aligned to business need, may be what is needed to reap the rewards of any future investments.

“Virtual reality gaming in the selection process to recruit graduates.”

“We allow full flexibility, working from home and any amount of hours you want to work on project specific work...Especially mid-senior people love the autonomy and flexibility of highly paid work that fits around their lives, and many choose to work pretty much full time with the sense of freedom that it’s their choice.”

12% of HR managers see their approach to talent management as ‘excellent’

39% of HR managers see their organisation’s approach as ‘weak’
One of the challenges facing talent management is how to square the needs of ‘talent’ to feel they are progressing with the flatter structures now ever more commonplace. 70 per cent of managers responding to this year’s survey say that a lack of hierarchical or upwards career progression is an issue for their organisation. Many HR professionals are responding to this challenge by investing in training and development opportunities, as well as creating opportunities for different types of work. Both are useful and proactive strategies for engaging talented employees and for creating the feeling that there is greater value to be obtained in staying where they are, rather than seeking potentially higher pay elsewhere.

**WHICH OF THE FOLLOWING IS YOUR ORGANISATION DOING TO ADDRESS THE CHALLENGE OF LACK OF PROMOTION OPPORTUNITIES?**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing pay and benefits</td>
<td>7%</td>
</tr>
<tr>
<td>Re-designing roles</td>
<td>22%</td>
</tr>
<tr>
<td>Creating opportunities to do different types of work</td>
<td>32%</td>
</tr>
<tr>
<td>Providing training and development opportunities</td>
<td>40%</td>
</tr>
</tbody>
</table>

In addition to the above approaches, HR managers referenced encouraging managers to recruit for potential, thereby providing growth opportunities for recruits within any given role.
Winning the war for talent

With the growing importance of talent management in meeting the challenges presented by Brexit and other economic and political challenges, it is worth bearing in mind some truisms about recruiting and retaining talent:

- Effective people managers are critical— the old adage that people leave managers, not organisations is borne out by multiple sources of evidence
- It is not all about pay, but the experience – pay is important, but for most people the decision to stay or go is rarely all about pay. Other factors are increasingly important, including the nature of the work itself, the opportunities to do work that is meaningful, and the opportunity to work flexibly amongst others
- Getting people to stay means giving them the skills they need to leave
- Break the rules to keep talent if you need to

Concluding thoughts

The shadow of Brexit and its impact on the availability of talent appears to be pushing a greater focus on developing existing staff, both as means to ensure there is the right capability but also as a means of being attractive to increasingly scarce, highly-skilled talent. At the same time, with flattening organisational structures, the ability to reward staff with promotions is increasingly not an option. Repositioning career development and talent management as more than vertical progression, and in a way that is valued, is something that many are doing. Critical to this though, is really effective development provision, which not only communicates to employees that they are valued but is also truly seen by participants as developmental. It also means being brave –paradoxically giving people you want to stay the skills to leave.
Commentary on Talent Management

When HR managers were responding to the question about the effectiveness of their approach to talent management, I wonder how they were defining talent management? Did the phrase conjure images of a pool of ‘high potentials’, people placed in the top right of a nine-box grid who are invested in as the future leaders of their organisation? Did it bring to mind rapidly preparing successors for a swathe of current leaders about to retire? Or did the phrase convey the challenges of recruiting, retaining, and developing their organisation’s workforce as a whole?

Whenever I work with HR and Talent professionals this is always my starting point: being explicit and specific about what talent management means for their organisation, in order to provide focus and outcomes for activities. I have a suspicion that this is part of the reason why nearly 40% of HR managers rate their organisation’s approach as weak – differing views of what talent management is and what it is aiming to achieve around the business, resulting in confusion about what activities to invest in and what to expect from those activities.

Another part of the reason for weakness in talent management approaches is that classic talent management tools, such as the nine-box grid, were developed in the 1970s. Ideal for global, hierarchical, slow-paced companies such tools cannot keep pace with rapidly changing talent needs, nor factor in the career and development aspirations of a workforce that includes temps, contractors, and zero-hour workers, as well as traditional employees. The search is on for better alternatives, which currently seem to consist of bespoke (aka costly) software systems. My prediction is that very soon we’ll all be ‘talent managing’ via apps that can process real-time input from managers about current talent needs, regular scenario planning of likely future talent needs from leaders, and most importantly the outcomes of regular honest conversations between managers and employees (in the broadest sense) about development needs and career ambitions.

However I’m still not sure what improvement we will see above the 12% of HR managers that currently rate their organisation’s approach as excellent, because ultimately talent management is hard. Organisations are all fighting over people who can thrive in ever-changing complex ambiguous workplaces. Managers often shy away from honest conversations about underperformance or a stalled career. And all of us are have ups and downs in performance and motivation, don’t always fit in a new role, and change our minds about our career aspirations.

So for those of you with a Talent Management role keep focused and realistic!

Catherine Shepherd
Development Consultant, Roffey Park
Mental health

There are no shortage of statistics detailing the impact of mental ill-health at work. A recent review highlighted that poor mental health costs the UK economy £99bn each year. That’s billion, not million. Statistics such as these have been around a long time and are, to the interested, nothing new. There, has, however, been a sea change in the public debate and growing awareness-raising of mental health issues recently. It’s even extended as far as premiership footballers talking about their mental health challenges, not a group generally associated with open discussion of sensitive issues.

It can only be hoped that the prominence of mental health in the national conversation makes a positive impact on workplaces in the UK. In this year’s Agenda, we were interested in exploring managers’ experience of mental health in the workplace and how equipped they felt to be able to manage it positively.

Managers responding to our survey appear more comfortable than last year to speak about mental health issues

The Farmer review cited evidence that found only 11% of employees spoke about a recent mental health problem with their line manager, and over half said they would choose not to discuss a mental health issue with their immediate boss.

It is clear that managers responding to this year’s Agenda are generally more comfortable discussing mental health issues than the UK workforce population at large. Compared with the 11 per cent figure cited above, more than two-thirds (67%) of Agenda managers reported feeling comfortable discussing mental health issues with their line manager. This may reflect a greater interest and concern with people issues amongst this group, and the relative seniority of this group compared with the population of UK employees in general. That said, there are encouraging signs when we compare this year’s Management Agenda data with last year’s. It seems that managers feel more comfortable discussing mental health issues with colleagues and their manager. It also appears that they are more positive about the culture of their organisation with respect to being open and accepting of mental health issues. What underlies this change, we cannot be sure. It could be a result of simply greater awareness being raised through media reports in the public domain, or it could be a result of increased action taken by employers in this sphere, perhaps as a response to the increased prominence of mental health in the national conversation.

1 Thriving at Work: the Stevenson/Farmer review of mental health and employers, URL: https://www.gov.uk/government/publications/thriving-at-work-a-review-of-mental-health-and-employers, Access Date: 03/01/2018
2 We offer our apologies here to premiership footballers at all levels of the beautiful game, and warmly applaud those who have come forward to share their experiences
3 Business in the Community: Mental Health at Work Report 2017, 201 cited in the Farmer Review
TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING STATEMENTS...?

I (would) feel comfortable discussing mental health issues with colleagues

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage 2017</th>
<th>Percentage 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>72%</td>
</tr>
</tbody>
</table>

I (would) feel comfortable discussing mental health issues with my manager

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage 2017</th>
<th>Percentage 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>56%</td>
<td>67%</td>
</tr>
</tbody>
</table>

The culture of my organisation is open about and accepting of mental health issues

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage 2017</th>
<th>Percentage 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>46%</td>
<td>58%</td>
</tr>
</tbody>
</table>

The importance of feeling able to discuss and raise mental health issues at work is highlighted by Paul Farmer, Chief Executive of the mental health charity, Mind, and author of the recent Government-sponsored ‘Thriving at Work’ review. He points out that mental health is often a taboo subject in many workplaces, leading to delays in individuals getting the support they need.

A review of workplace health interventions for mental health, conducted by Deloitte as part of the Farmer review, has demonstrated the benefits of early intervention. The analysis showed that whilst the return-on-investment (ROI) of workplace interventions for mental health are overwhelmingly positive, the ROI at early stage supporting activities is higher (a ratio of 8:1, or in other words, £8 for every £1 invested) compared with interventions at later stages (more reactive interventions are shown to have an ROI of 5:1). Early stage interventions include activities that help create an organisational culture of awareness, openness and acceptance of mental health issues. Among suggested early stage interventions are activities such as mental health de-stigmatisation campaigns and line manager workshops.

Enabling managers to discuss mental health

According to the Farmer review, only 24 per cent of managers receive any training on mental health at work. Lack of training can leave managers feeling ill-equipped to manage cases of mental ill-health at work and can lead to their shying away from discussing mental health for fear of ‘getting it wrong’.

Of the managers we surveyed in this year’s Agenda, 70 per cent had needed to support an individual suffering from mental ill-health. Of these, the majority had felt adequately equipped (65 per cent), with a further one-fifth (20 per cent) feeling very well equipped. Again, compared to the managerial population at large, these are very positive, albeit far from perfect figures. This may reflect both the interests of those completing the Agenda survey, and the types of organisation they work for. 15 per cent of managers responding to our survey did not feel equipped to support the person they were dealing with. It is very sad to think that people may not be able to equip themselves to provide the support needed to someone struggling with mental ill-health at work, and what the consequences for the affected person may be. More clearly needs to be done to equip all managers, and indeed employees, with greater awareness of mental health and how those affected by mental ill-health can best be supported.

A look at the results across industrial sectors reveals that managers working in production and manufacturing sector are more likely to report feeling ill-equipped to manage cases of mental ill-health at work and can lead to their shying away from discussing mental health for fear of ‘getting it wrong’.

Opportunities are missed to prevent poor mental health and ensure that employees who may be struggling get the support they need. In many instances, employers simply don’t understand the crucial role they can play, or know where to go for advice and support.

Paul Farmer, Chief Executive, Mind

“Opportunities are missed to prevent poor mental health and ensure that employees who may be struggling get the support they need. In many instances, employers simply don’t understand the crucial role they can play, or know where to go for advice and support.”

4 Groom, B. (2014) Mental illness is industry’s biggest long-term health issue, Financial Times, URL: https://www.ft.com/content/728c7426-f2fc-11e3-85cd-00144feabdc0, Access Date: 04/05/2018
(AS A MANAGER) HOW EQUIPPED DID YOU FEEL TO PROVIDE SUPPORT (TO AN INDIVIDUAL SUFFERING FROM MENTAL ILL-HEALTH)?

We asked managers what training or support they had found most helpful with respect to mental health. The diagram below summarises the types of training and support that managers’ report having been most helpful to them. Interestingly, nearly 29 per cent of the managers who report feeling equipped to support people suffering from mental ill-health said that they have not received any support or training from their organisation. This was often because they had received training from a previous employer or felt equipped from personal experience of mental ill-health.

WHAT TRAINING OR SUPPORT HAS YOUR ORGANISATION PROVIDED THAT HAS BEEN MOST HELPFUL IN EQUIPPING YOU TO DEAL WITH MENTAL ILL-HEALTH IN THE WORKPLACE?

- Basic awareness courses (e.g. Mental Aid First Aid course)
  - We have provided awareness training for all people managers and a general awareness event planned for all staff

- Access to external specialist support (occupational health and counselling services)
  - We have an external provider of specialist services who also provides advice, coaching and training for our managers

- Access to information and a wellbeing (including mental health awareness) site on the company intranet
  - We have developed a mental health hub on the intranet

- Partnership with organisations like ACAS and MIND
  - We have partnered with MIND to run awareness campaigns such as Time to Talk
The important role of work in mental health

Much of what has been discussed so far has been concerned with the readiness and capability of organisations and managers to provide timely support to individuals who may be suffering from mental ill-health. The relation between mental health and work is much bigger than that, and the importance of good work for mental health (not ill-health) has been proven by multiple scientific reviews, including the latest Farmer review. Work is not just an economic act but a social one, and it can, at its best, offer individuals a sense of identity, self-esteem, social support and a host of other psychological benefits. Multiple studies asking the question ‘What is good work?’ have hit upon common factors such as fair pay, autonomy, work-life-balance, development and progression opportunities, and at the heart of all this, supportive and empathetic line management. Good work then should support positive mental well-being, help prevent poor mental health, and actually aid recovery from periods of psychological ill-health.

It appears from this year’s data that, on balance, managers are more likely to regard work as a contributing factor to mental ill-health rather than a supportive factor in their recovery from it. Roughly one-third (35 per cent) of managers responding to our survey reported that work had contributed to psychological ill-health, one-fifth (17 per cent) reported that work had been a factor in recovering from a period of mental ill-health, whilst another one-third (34 per cent) felt work had both contributed to, and supported recovery from, a period of poor mental health.

The role of the line manager is critical in enabling good work. Managers who understand and appreciate psychological theory and the importance of empowerment, as opposed to micro-management, the value of managing by output rather than hours and who role model good work-life balance and who avoid creating a culture of long hours, a breeding ground for unproductive and harmful presenteeism.

Concluding thoughts

Mental health, the health that we all have, and work are closely related. Good work - that which provides autonomy, the opportunity to grow and develop, and is safe and fair, can have a positive impact on our mental health. Good work provides meaning, purpose, self-esteem and a sense of identity as well as social connections. The scope for managers to make a positive difference to the mental health of those they work with is huge. They can create favourable conditions and structure work in ways that provide opportunities for control, growth and empowerment. The converse is equally true. Bad management can be hugely detrimental to mental health. We need to improve the UK’s management capability if we are to enable work to have the positive impact on the mental health of the nation it could do. The Farmer review has done much to focus minds and to shape the debate around mental health rather than ill-health, and that can only help. De-medicalising mental (ill)-health can only help managers see that what they really need do when faced with someone struggling with poor mental health: listen, support and show compassion. With those three, any manager will not go far wrong.
Commentary on Workplace Stress and Mental Health

The findings on mental health in this year’s Management Agenda suggest that as a society, the UK is making some positive progress on raising awareness of mental (ill)-health in the workplace (the focus of our work in the area of mental health at Roffey Park). We have pointed out some differences between the results from populations in our survey and those of the Farmer report, suggesting that the HR community and managers in the UK workplace feel rather better equipped to identify, help and support those people in their organisations who are suffering - than the broader mass of people in our country.

That a significant force in the workplace (HR people and managers) sees itself as aware and able to discuss mental health in the workplace - gives us some cause for optimism. At the same time however, we still have much more to do in terms of both awareness-raising and understanding of mental ill-health: no one would dispute the fact that the challenges posed by mental ill-health we face as a society are, by all accounts, immense and growing. Mental health workers, counsellors and campaigners - with whom we interact on a weekly basis - share an ongoing anxiety that the upsurge in awareness about mental health could soon start to dissipate and the gains we’ve made over the past year could be at risk. We cannot allow this to happen. We need to do all we can to keep concern and interest about mental health centre stage.

How to do this?

Some observers and activists suggest that the way to go has got to be a combination of continued and intensified upstream early identification of mental health issues – detection and response before a person’s condition worsens - together with much better levels of awareness overall, also carried out much earlier i.e. in schools. We know that such actions have the potential to reduce the need for more costly (and often unsuccessful) interventions at a later stage. There is also another line of exploration - and that is where our work is taking us - namely improving the fundamental skillsets of managers up and down the country to enable more timely and sensitive conversations with employees who are at risk. So we are pleased to see employer groups such as the CBI ratcheting up their promotion of better mental wellbeing to complement the good work of organisations such as the CIPD and of course the major mental health charities such as Mind.

Our job as a society is to keep up the tempo on all these initiatives.
Appendix 1: Respondent profile

This year’s Management Agenda is based on the responses of 674 managers and non-managers from organisations of a range of sectors and sizes. The characteristics of the individuals who completed the survey and the type of organisation they work for are presented here.

Respondent Characteristics

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Figure 1: Survey respondent by seniority

- Non-managerial Staff: 15%
- Board Director: 9%
- Other Director/Senior Manager: 38%
- Middle Manager: 31%
- Junior Manager: 7%
- Board Director: 9%
- Age 50-59: 35%
- Age 40-49: 32%
- Age 30-39: 18%
- Age 20-29: 4%
- Age 70+: 1%

Base size (n) = 674

Figure 2: Survey respondent by age group

68 per cent of respondents were female and 32 per cent were male. Figure 3 below shows a breakdown of respondents by seniority within each gender.

Base size (n) = 455

- 6% Board Director
- 35% Other Director/Senior Manager
- 34% Middle Manager
- 7% Junior Manager
- 18% Non-managerial Staff

Base size (n) = 219

Figure 3: Survey respondent by seniority within gender

76 per cent of the managers who responded to the survey worked in a role dedicated to people management and development (e.g. HR generalist or specialist, OD, L&D, Talent and etc). The majority of these people were female (67 per cent were female, 33 per cent were male).
Respondent Organisation Characteristics

Respondents to the survey worked for a range of organisations of different sizes and sectors. Figures 4 and 5 show breakdowns of respondents’ organisations by employee size and broad industrial sector. Table 1 shows a more detailed breakdown by industrial sector.

### Table 1: Sector Breakdown by Number and Percentage

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production and Manufacturing</td>
<td>79</td>
<td>11</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Construction</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Electronics</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Energy</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Engineering</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Food and beverage</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Plastics</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Textiles</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Aerospace/Defence</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>Private Services</td>
<td>305</td>
<td>44</td>
</tr>
<tr>
<td>Energy/Water</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Private Health Services</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Financial Services</td>
<td>71</td>
<td>23</td>
</tr>
<tr>
<td>Catering/Leisure</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Retail/Wholesale</td>
<td>34</td>
<td>11</td>
</tr>
<tr>
<td>IT</td>
<td>11</td>
<td>4</td>
</tr>
</tbody>
</table>

Base size (n) for Figures 4 and 5:
- Figure 4: n = 680
- Figure 5: n = 693
<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Legal Services</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>Private Education</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Consultancy</td>
<td>50</td>
<td>16</td>
</tr>
<tr>
<td>Distribution/Transport</td>
<td>19</td>
<td>6</td>
</tr>
<tr>
<td>Media/Publishing</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>47</td>
<td>15</td>
</tr>
<tr>
<td>Public sector</td>
<td>198</td>
<td>29</td>
</tr>
<tr>
<td>Central Government</td>
<td>34</td>
<td>17</td>
</tr>
<tr>
<td>Local Government</td>
<td>37</td>
<td>19</td>
</tr>
<tr>
<td>Non-departmental public body</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Public Education</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>National Health Service</td>
<td>39</td>
<td>20</td>
</tr>
<tr>
<td>Housing</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Not-for-profit</td>
<td>111</td>
<td>16</td>
</tr>
<tr>
<td>Community support</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Education</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Environmental</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Health and social care</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Housing association</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>International development / humanitarian assistance</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Professional association</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Religious charity</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Social enterprise</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>31</td>
<td>29</td>
</tr>
</tbody>
</table>

Table 1
Appendix 2: How we designed and conducted the research

The Management Agenda survey is now in its 21st year and is updated annually through a consultation exercise conducted with Roffey Park consultants. This year, in addition to the consultation, we undertook 8 in-depth interviews which were used to inform the questionnaire design and the final report. We interviewed managers from different sectors and asked them about what being a leader in the current climate of change and uncertainty really felt like for them. We also asked them about the biggest business challenges being faced by their organisation and the people implication of these challenges.

This year’s survey consisted of 44 multiple choice, closed and open ended questions in five sections: HR issues and challenges, context and climate, diversity, impact of digital and the flexible workforce, and human potential and its development. Questions in the HR section could only be answered by HR professionals and the rest of the questions could be answered by all the respondents including non-managers. This provided some insight into non-managers’ views on some of the issues as well as managers and allowed us to compare the results between managers and non-managers.

An online version of the survey was produced and the survey was live from August 2017 until November 2017. An email invitation with a link to the survey was sent to a list of previous Management Agenda respondents and an external data base of UK managers and non-managers.

A link to the survey was also available on Roffey Park’s website and E-News. The incentive for completing the survey was a free copy of the final report and entry into a free prize draw of a fitbit.
Related Reading

The leader as storyteller: engaging hearts and minds? £10

Living in a Matrix £10

Building Resilience - Five Key Capabilities £10

Compassionate Leadership: What is it and why do organisations need more of it? Free of charge

Transformative Coaching £10

An employee perspective on organisational trust during change £10

Is the Nine Box Grid all about being in the Top Right? £10

Towards more compassionate workplaces Free of charge

Where organisation development thrives Free of charge
Now in its 21st year, Roffey Park’s Management Agenda is the definitive barometer of managers’ views on working life. Regularly featured in newspapers and professional journals, the research is widely recognised as one of the most important and reliable indicators of emerging workplace issues in the UK.

Based on the views of managers working in organisations from a wide range of sectors and sizes, this year’s Agenda captures manager views on some of the key trends and forces shaping the world of work, from the continuing rise of AI to the impact of Brexit and the Gig economy. The report presents the views of managers from all levels of seniority and those in both HR and operational roles.

This research should appeal to a wide audience, from board members through to HR, OD and managers in the wider business. It should also be of interest to anyone with responsibility for developing effective people management strategies, OD initiatives, and healthy organisations.