Executive Summary

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About Roffey Park

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We develop people who develop organisations.

With 65 years’ experience of leadership, organisational development, human resources and coaching, we provide executive education and research to many of the world’s leading companies and organisations.

We offer tailored development programmes, qualifications accredited by the University of Sussex, management consultancy, coaching and training courses. Our research services provide a unique combination of research, consultancy and development expertise for organisations who are investigating ways of improving their effectiveness and intelligence.

Research at Roffey Park

Roffey Park funds its own research programme with the aim of meeting one of its charitable objectives: namely to conduct and publish research in support of the health and welfare of people at work. Our research improves the world of work and organisational performance by sharing knowledge of good practice in people management, leadership and organisational development.

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In this executive summary, we have highlighted some of the main themes and discussion points emerging from this year’s Roffey Park Management Agenda.

**Austerity and change in the public sector, growth and sustainability in the private sector**

We calculated an Employment Growth Index (EGI), simply the balance of HR manager views on workforce growth over the next two to three years. The EGI for the public sector is negative at -41, indicating that, on balance, HR managers in the public sector expect the size of their workforce to shrink in the immediate future (see Figure 1 below). The focus in the sector continues to be on reform and changing the way the public sector works. Managing change, retaining and engaging employees continue to be key people challenges in the sector. Our evidence and that of others would suggest the challenge of retaining skilled employees in the public sector may become more urgent rather than less so over the next few years. Just over half of public sector managers responding to our survey report an intention to leave their job in the near future. Of these, two in five cite ‘insufficient financial rewards’ as a reason for wanting to move on. With slower projected pay growth in the public compared to the private sector in the next four years, the situation may get worse before it gets better.

By comparison, expectations in the private sector are positive, with the balance of HR managers in the sector expecting to grow the size of their workforce (an overall EGI for the sector of +35). This is particularly the case for HR managers working in small and medium-sized enterprises (SMEs), with an EGI of +46. The top anticipated people challenge in the private sector is that of ‘finding the right employees in the right markets around the world where the organisation does business’. There also appears to be a renewed focus on succession planning, with this being one of the top three people challenges today cited by HR managers in the private sector. Although there is still fragility in the EU economy with recent deflation, it may be that the interest in succession planning reflects a return to confidence and a renewed focus on more long-term planning as opposed to short-term management.

Employee engagement continues to be a key people challenge across all sectors, albeit less so for the not-for-profit sector. Engagement features in the top three identified challenges for the private and public sector. For the not-for-profit sector, it is the sixth most important challenge. The fact that engagement is seen as less of a challenge in the not-for-profit sector is most likely a reflection of the clear purpose and values of such organisations, and the congruence of those values with those held by employees. This notion is given support by the fact that more than two-thirds of managers in the sector feel that their organisation’s stated values reflect those practiced by management, more than in both the private and public sectors. It seems, then, that organisations in the private and public sectors could learn something from their not-for-profit counterparts when it comes to being a values-driven organisation.

The most commonly identified people challenge in the not-for-profit sector is that of ‘performance management’. Managers from the not-for-profit sector are more likely to see their culture as one that is supportive but lacks challenge. There is a question, then, as to whether managers in the not-for-profit sector may need to improve their ability to challenge as well as support.

![Figure 1: Employment expectations positive in the not-for-profit and private sectors](image-url)
Developing leadership that is ‘fit for purpose’ is the most common people challenge identified by HR managers across business sectors. This was also the case in last year’s Agenda. Looking ahead five years from now, ‘developing appropriate leadership and management styles’ drops to joint third in the list of anticipated challenges. The accuracy of this belief is open to question given the continued focus on leaders as the point of intervention in efforts to change culture and improve performance.

**The UK productivity puzzle: is better leadership the answer?**

The UK has an issue with productivity. Its productivity lags behind that of Germany, France and the USA. The reasons for this are unclear and likely complex. That said, it would be strange if the quality of employment and leadership were not part of the problem, and indeed, the solution. ACAS, the UK Government body focused on employment relations, identifies four key ingredients of a more productive workforce: leaders with a vision who value how individuals contribute; line managers who empower rather than control their staff; values that are lived and not just spoken, leading to a sense of integrity and trust; and employees who have the chance to voice their views and concerns. Unfortunately, our data highlights notable gaps in the ability of leadership in many organisations to live up to these ideals: one-fifth of managers say their leader is ineffective at articulating a vision or empowering staff; nearly one-third do not regard their manager as supportive and trustworthy; more than one-third of managers see a disparity between the ‘values on the wall’ and the values in practice, where there is a lack of adequate guidance and development to support people in their work; and of those wishing to leave their place of employment, poor management and lack of appreciation are two of the top three reasons given for wanting to move on. So, what role can better leadership play in helping solve the UK’s productivity puzzle? What role can HR and OD play?

**The digital challenge is here**

Implementing new technology, redesigning systems and processes, and offering new products and services are all identified as key ways in which organisations are responding to challenges in the political and economic environment. With digital technologies likely a key part of this, our data highlights an interesting divide. Managers, when answering about themselves, report changing the way they do things at work in response to digital technologies and social media. In contrast to this, when asked about the leadership capability of their organisation, the majority of managers do not feel it is up to the task of taking advantage of the opportunities offered by new technology.

One of the frequently overlooked implications of the challenge wrought by digital is that it removes, re-writes and often is oblivious to boundaries, whether they be structural or social. If organisations and leaders within them are to take advantage of the opportunities offered by digital, they are going to have to become more skilled at closing the gap between the technological advances being made and the underlying social processes needed to maximize the potential benefits on offer.

**Navigating the organisational maze**

One area in which leaders responding to our survey appear to struggle is that of the art of managing politics constructively. Organisational politics emerge from our survey as both a key leadership challenge and a source of workplace stress. Silo working, turf wars and clandestine discussions all emerge in the descriptions of organisational politics offered by managers responding to our survey. There is both good and bad politics, destructive and constructive politics. At the very least, our data suggests that managers may need to hone their micro-political skills if they are to navigate better organisational life and influence key stakeholders in the absence of authority.

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**Figure 2: HR leadership least effective at exploiting (new) technology**

<table>
<thead>
<tr>
<th>Percentage of HR Managers who say their HR Leadership is successful at ...</th>
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</thead>
<tbody>
<tr>
<td>Understanding the business environment and helping cocreate strategic responses</td>
</tr>
<tr>
<td>Being both credible and influential</td>
</tr>
<tr>
<td>Building a sustainable organisation with strong values and identity</td>
</tr>
<tr>
<td>Initiating and sustaining change</td>
</tr>
<tr>
<td>Adopting/implementing HR solutions based on latest insights</td>
</tr>
<tr>
<td>Exploiting (new) technology to enhance HR and business performance</td>
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Big data – HR’s new Achilles’ heel?

The good news for HR is that the vast majority of HR managers regard the HR leadership in their organisation as effective at understanding the business context and co-creating strategic responses, and at being both credible and influential. Views are more split as to whether or not HR leaders are able to both initiate and sustain change, or to build a sustainable organisation with strong values. At the other end of the scale, the vast majority of HR managers do not feel HR leadership in their organisation is effective at exploiting (new) technology to enhance HR and business performance (see Figure 2). This may not only impact HR’s ability to release resources from operational to pursue more strategic efforts, it may also reflect HR’s view of its own ability to make best use of social media and Big Data to improve employee engagement and performance.

Managing multi-generational needs?

Managing the different needs and expectations of a multi-generational workforce appears at the top of the list of anticipated people challenges identified by HR managers in five years’ time. Despite this, HR managers’ views are split on both the need to and the success of attempts to manage the multi-generational workforce today. Our data suggests that there are reasons for concern at both ends of working life. Junior managers responding to our survey appear more cynical on several fronts. They are more likely to: see diversity as a ‘tick-box exercise’ in their organisation; observe a lack of congruence between the espoused values of their organisation and those practiced by management; view attempts at culture change as unsuccessful. Junior managers are also less likely to see the culture at their workplace as offering both high levels of challenge and support. Turning to workers in their fifties and sixties, our data suggests, contrary to previous research, that older workers may be interested in career advancement and promotion opportunities. In this year’s Agenda, lack of promotion prospects is the most common reason those in their fifties and sixties give for seeking other job opportunities (see Figure 3). All this suggests that employers need to keep an eye on Gen X as well as Gen Y and should be wary of making assumptions about what they might want or need from work.

Figure 3  Lack of promotion prospects is a key reason for looking to leave across the generations
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‘Targeting’ ethics

Just over half of managers report observing misconduct in their organisation. Digging a little deeper, ‘abusive and intimidating behaviour’ and ‘taking credit for someone else’s work’ emerge as the two most commonly observed types of misconduct. Further, one-third of managers say that they have, at one time or another, felt pressured to compromise their organisation’s ethical standards. The two most common reasons given are that of feeling pressure to follow their manager’s directives or to meet overly aggressive financial or business objectives (see Figure 4). It seems that organisations’ ethical climate is threatened by both a failure to embed values (more than one-third of managers identify a discrepancy between espoused and lived values) and an over-reliance on targets to drive behaviour. Goal-setting theory is well established in businesses and the setting of targets will always remain. However, our data highlights that targets have potentially negative consequences too, and it is not just the target itself but how it is achieved that deserves consideration.

Is the stage set for OD?

Overall, nearly two-fifths of managers feel that efforts to change their organisation’s culture are unsuccessful. An over-reliance on ‘project management’ approaches to change, a lack of acknowledgment of the complexity of change and its social and political dimensions emerge as reasons for perceived failure. This would seem to be a perfect opportunity for OD. So, what stands in its way? OD practitioners identify a range of barriers to the effective use of OD in their organisation, although no one barrier seems to emerge as having particularly wide support. That said, the most common barrier identified is that of managers not knowing what OD is. As a discipline with strong educational values, one wonders about how concrete a barrier this is, and whether or not OD practitioners could ‘seek forgiveness, rather than wait for permission’ more.

There is an interesting question that emerges from our data as to whether or not OD practitioners are focusing too much, in Burke-Litwin terminology, on transformational rather than transactional levers. OD practitioners report focusing more on the former through leadership development and culture interventions, than on the latter, for example workforce planning and HR practices. There also appears a reliance on working with individuals rather than with intact teams. Given the importance of work groups to performance, climate and norms, OD practitioners may be overlooking effective intact team interventions. They may also be overlooking the potential of HR policies and practices as levers of change.

Figure 4 Ethical conduct threatened by pressure to meet targets

<table>
<thead>
<tr>
<th>What are the principal causes of pressures to compromise your organisation's standards of ethical business conduct?</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need to follow boss’s directives</td>
<td>40</td>
</tr>
<tr>
<td>Meeting overly aggressive financial/business objectives</td>
<td>35</td>
</tr>
<tr>
<td>Meeting scheduled pressures</td>
<td>25</td>
</tr>
<tr>
<td>Helping the organization survive</td>
<td>20</td>
</tr>
<tr>
<td>Feeling peer pressure</td>
<td>15</td>
</tr>
<tr>
<td>Wanting to be a team player</td>
<td>10</td>
</tr>
<tr>
<td>Advancing boss’s career interests</td>
<td>5</td>
</tr>
</tbody>
</table>

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