

SUBMISSION FROM INVESTORS IN PEOPLE SCOTLAND

In our response we have reviewed the findings of the Survey carried out by the Committee.

We would start by observing that the 74% of respondents believing that their job was good is higher than other recent research relating to job satisfaction in the UK.

Good Jobs / Bad Jobs

We note that the factor determining a “good job”

- decent pay
- job satisfaction
- feeling valued by employers
- job security

are closely correlated to those which determines a “bad job”

- low pay (39%) ,
- poor management (28%) ,
- hours (17%)
- job insecurity (16%).

and the factors which would most improve job quality,

- higher hourly pay
- better managers
- more opportunities for flexible working
- more say over workplace changes

There is also some alignment with Dr John Sutherland’s research which found that workers in Scotland ranked the top five job attributes as follows:

1. ‘Work you like doing’
2. ‘A secure job’
3. ‘The opportunity to use your abilities’
4. ‘Friendly people to work with’
5. ‘A job where you can use your initiative’

We note the research from the Joseph Rowntree Foundation which finds that employee-friendly human resource management and development (HRM/D) practices in low-paying organisations can bring benefits to both the employer and its employees.

Practices include systematic performance management and appraisals, workplace training and development, flexible working or the provision of various non-wage fringe benefits that could improve the non-wage aspects of jobs and thus the overall quality of working life for low-paid employees.

We also note the strong correlation between these themes and the work of the Fair Work Convention – there being a clear link between Fair Work and Good Work.

We note that poor management is cited by 28% of respondents, but we would observe that poor management may also be a contributory factor to the issues of hours, job security and potentially pay. We therefore believe that the impact of improving the quality of management in Scotland would have made a wider impact, and that issues of long hours, job insecurity and to some extent pay and reward are fundamentally linked to good management.

Poor leadership and management arises when

- There is a lack of commitment / understanding of the impact of management on performance
- There is no shared understanding of the type of leadership and management required
- The quality and effectiveness of leadership and management is not demonstrably valued
- There is a lack of accountability for leadership and management effectiveness
- The leadership or management style is inappropriate for that context

At the heart of this issue is the role of leadership and management in defining the culture and operating environment of any organisation.

Gary Hamel, described by Forbes as the world's leading thinker on business strategy believes that the management as a concept requires a complete overhaul to reflect the way in which organisations operate today. Hamel believes that many of the management concepts which were developed in the early 1900s remain largely in place today and that whilst technology, engineering and medicine have all seen huge changes and innovation in the last 100 years, management, and how organisations view people has not.

This is reinforced by the fact that there is a global spend of \$30bn on leadership development every year, and yet employee engagement (one measure of leadership effectiveness has remained largely static at 19%)

Today, many organisations require people who are able to be flexible, creative, innovative and prepared for change, and the traditional forms of leadership and management, however polished in execution struggle to deliver these outcomes. As Hamel says, “you can’t order someone to be creative”.

At the same time, customers and end users have become better informed and more demanding. Taking travel as an example, 20 years ago travel companies largely controlled the entire customer experience – from the glossy brochure onwards. Now, consumers have a huge choice, and instant access to almost live information about any resort /hotel/ airline. This access to information and instant feedback means that organisations – and particularly those dealing with the customer – need – and want- to be agile, responsive, flexible and able to make the right decisions for the end user.

Traditional structures were built for management as the best means of controlling the organisation – and the role of management was to maximise the efficiency of production or service. With customers now having more choice and a voice about the service and products they receive the relationship between front line staff and customers or end users is now the most important in the organisation.

In addition, traditional structure place huge demands and expectations on a small number of people at the top of an organisation. This has two possible consequences – it increases the burden and dependence on the leaders which may lead to less reliable performance, but also potentially provides a narrative for why executive pay has risen exponentially in comparison to average pay.

Our career development remains largely based on a model in which people start work on the front line (whether in a shop, call centre, battlefield, school, engineering, services, the public sector), and then when they are successful get promoted.

With promotion comes two things – people move away from the front line (and the customer) and they gain more authority. They then move through the echelons of the business, acquiring more authority until they get to a position where they can make real decisions about customers and end users. Then, decisions about the customer are made by people who have the least experience of working with the customer, causing frustration amongst front line staff who complain that they don’t have enough say over what happens in the workplace.

How can Investors in People help ?

Investors in People is an asset which is owned by the four Governments of the UK. In Scotland, Investors in People Scotland is a subsidiary of Scottish Enterprise and Highlands and Islands Enterprise.

Investors in People is already being used to support a number of elements of the Economic Strategy. It is used by Scottish Enterprise and Highlands and Islands Enterprise to support organisation improvement in account managed organisations. It forms part of a recommended approach to working with the Business Pledge. Investors in People Scotland deliver a Skills for Growth programme on behalf of Skills Development Scotland, and Investors in Young People has been developed

and deployed as one of the key recommendations to emerge from the Commission on Developing Scotland's Young Workforce.

Scotland is the only one of the four nations who is using IIP to support economic growth strategy.

More than 1,200 organisations are working with Investors in People in Scotland, covering more than 300,000 employees, and the Investors in People brand is universally recognised by employers.

In the past three years, Investors in People Scotland have brought about a significant change in our deployment of IIP, with the following aims :

To increase **impact**, we have redesigned the Investors in People approach so that it is tailored specifically to the needs of each business. We recognised that generic benchmarks of good practice are only relevant if they are relevant – ie. they must clearly make a difference to the organisation's performance and value.

In the most recent research conducted by the University of Glasgow Analysis of the Impact and Value of Investors in People, March 2015, (Glass, McTier Kromydas and McGregor) , employers reported a range of organisational benefits arising from working with Investors in People , with 88% reporting a positive impact on their organisation arising from :

- Improved organisation performance and productivity
- Improved client satisfaction
- Improved recruitment

Crucially, in the context of the focus of the Economy Committee's inquiry, employers also reported positive impact in the following areas which have a direct correlation to the issues identified at the beginning of this submission

- Better employee engagement
- More effective learning and development
- Increased sustainability
- More motivated staff

This included a reported positive impact on Health and Well Being in the workplace, Impacts on cultures, practices and behaviours were identified and mainly focused on a range of practical actions that included:

- Increasing awareness of employee health and wellbeing at work;
- The setting up of employee health groups.

These results are also the result of our investment in the **quality** of our service, with the University of Glasgow research demonstrating very high levels of satisfaction with the Investors in People specialist with the Quality of Guidance given and level of understanding of the client's needs rated above 8.5 out of 10.

Finally, in order to maintain the **relevance** of IIP, there has been a major investment in the development of the new Investors in People Framework (which sets out the tenets of good practice) and the new version launched in September is based on the latest research on high performance work practices including leadership, values based decision making, empowerment, job design, performance management, developing capability, reward and recognition and sustainability.

We believe that these latest developments mean that Investors in People can make an important contribution to improving the quality of jobs and work based well being in Scotland.