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A regular HR bulletin for busy, business focused HR professionals

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The HR Bulletin: an introduction from the editor

HR Bulletin – content of this edition

The coalition government’s austerity agenda is having significant effects on employment, the employment relationship and the work of HR professionals. Rob Briner, in People Management recently, identified that the current employment climate is having negative implications for the maintenance of trust in the employment relationship – and advocates employers being cognizant of the huge potential for the violation of the psychological contract, with all the deleterious potential in relation to achieving business objectives. Is employee engagement still a viable pursuit in this demanding economic context?

Articles in this edition cover a range of contemporary HR concerns:

Psychometric Assessment: Not just a recruitment tool.
Civil regulation and employment relations: the implications for HR practitioners.
UK Corporate Governance and the ‘Next Generation HR’.
Change management and HR in Hampshire County Council.
How do Southampton employers manage mental health in the workplace?

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HR Bulletin sponsorship

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The editorial team

We need to let you know that Stephen Pilbeam will be leaving the University of Portsmouth after 20 years, in January, to commence his own Management Consultancy, Mark Power is now working in Dorset as an HR Director in the NHS and Marjorie Corbridge wishes to focus on other pursuits. Add to this the fact that the CIPD austerity measures have reduced the support for this publication and it would seem an appropriate time to consider the future of the HR Bulletin which is in its 5th year. The Portsmouth Group of the CIPD will deliberate and let you know about the future of the HR Bulletin in due course.

Stephen Pilbeam September 2010
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Psychometric Assessment: Not just a recruitment tool

Stacey White

Hillcrest Care

Established in 1994, Hillcrest Care is a privately owned care company providing services to a range of people of all ages. The services provided by Hillcrest include: 10 specialist children's homes across England and Wales, providing residential care and education for children up to the age of 17 with emotional and behavioural difficulties; nationwide fostering services; learning disability services, including residential homes and supported living services for adults with learning disabilities and a specialist home for children with severe learning disabilities. In addition, Hillcrest has recently added the London based Hillingdon group to its family, expanding its interests further through the provision of services to individuals with Autistic Spectrum Conditions.

The services provided are highly regulated by local authorities and regulatory bodies, such as Ofsted and the Care Quality Commission, so high standards are paramount to the continued success of the organisation. Hillcrest Care employs around 600 staff in a range of positions to provide quality care to its service users. Effective recruitment methods, combined with an effective management team are essential in order to ensure that care standards remain high.

What we did with psychometric assessment and why we did it

In 2005, Hillcrest Care implemented psychometric testing using tools, provided by Thomas International, within its recruitment process for senior positions. The use of psychometric assessments was one of the suggestions within the Warner Report ‘Choosing with Care’ (1992) recommendations to promote more robust methods of recruitment for care staff. The Personality Profile Analysis (PPA) provided by Thomas International uses a series of 24 forced choice questions. The individual taking the PPA selects one adjective most like them and one adjective least like them, whilst considering themselves in the work environment. The following words represent an example of the type of adjectives used: Dutiful, Stubborn, Attractive and Pleasant. The results provide an understanding of how a person prefers to behave at work and the characteristics they have a predisposition to exhibit. Examples of these could include 'The objectives and requirements of the job must be clearly communicated and then the individual should be given the authority and responsibility to go out and achieve the results'; 'Likes to see a task through to its conclusion before moving on to the next'; and, 'needs to be able to identify with the organisation and has an inherent need to feel secure'.

The results are presented in a report which describes the individual’s strengths, weaknesses, and motivators, and shows the individual’s preferred working style and the behaviours they demonstrate whilst under pressure. An ‘ideal’ profile is obtained for each job by entering details from the job description into the on-line system; candidates are measured against this profile alongside a variety of other recruitment exercises such as a formal interview, written exercises, presentations, and budgeting exercises, to aid recruiting managers in making the right recruitment decisions.

During the recruitment process the individual is given feedback from the PPA report and the outcome is discussed in relation to work situations and also with respect to what the individual would expect from their line manager. Although the use of psychometric assessments appears to be most popular during the recruitment process, Thomas International also markets its products towards team building and management development. Following discussions with Thomas International, Hillcrest Care identified that the PPA report could also be utilised to improve the working relationships between managers at different levels within the organisation. The relative effectiveness of different management styles has long been debated within professional literature. One argument in this debate is the
importance of the ability to adapt management styles to differing situations for the continued success of organisations. The use of the PPA feedback has enabled Hillcrest Care to take this a step further and help managers to adapt their management style, not only to situations but also to individuals.

In May 2009 Hillcrest Care arranged for a selection of managers to attend a training workshop entitled ‘Self Awareness and Modifying Behaviour’. The managers who attended this course were at various levels within the organisation and were all asked to complete a PPA assessment prior to the workshop. During the workshop, the participants carefully considered both their personal profiles and their individual working styles, in order to identify how these could impact on the people they manage. The workshop then encouraged the managers to identify ways in which they could modify their behaviour in order to become more effective managers.

Each year the Head of HR at Hillcrest develops a comprehensive training calendar for employees for the year ahead. The ‘Self Awareness and Modifying Behaviour’ workshop was included within the training calendar for 2009 and was run at our Head Office Site by a representative from Thomas International. The course objectives were to:

- understand why we need to know ourselves
- appreciate our own personal strengths and limitations in the current work role
- recognise the strengths, limitations, fears, motivators and values to the organisation and/or team of people with different work styles
- learn how to successfully motivate different people
- know the value of supporting and managing personal limitations
- spot observable behaviours in others
- appreciate how and where to modify personal work style and behaviour to achieve the desired outcome
- To develop a personal action plan to develop and use the skills outlined above.

The course proved to be popular with the managers who attended and the feedback received was positive. Managers considered the learning was wholly relevant to their roles. When asked what aspects of the programme were most useful the comments included areas such as: ‘understanding my management style and how to improve upon it to get the best from my team’; ‘better understanding of the needs of other profiles’ and ‘learning how different personality traits influence each other’. The managers attending were also asked what specific actions they were planning to take in their work setting as a result of the training. Responses included; ‘undertake an assessment of my colleagues and how I can support them in different ways’; ‘look at how I can adapt my management style to improve team performance’; and, ‘consider how to adapt my behaviour when dealing with different people’.

Following the success of the training course we have begun to introduce the psychometric assessment further into the company by utilising the information gathered in the recruitment process. This has been introduced initially to management level staff with the intention of rolling this out across the company in the future. When we have successfully recruited to a position the line manager is given an overview of the person’s working style so they have a greater understanding of their new employee right from the start. This information is provided by a certified PPA practitioner who can discuss what the profile suggests the individual’s preferred working style is and also how this differs from the working style of the manager. By doing this the manager is able to recognise how they can adapt their management style to get the best from their new employee.

The impact, the benefits and the challenges

The impact of the initial training provided has been positive; we have looked at a variety of ways to measure this, including specific examples of where relationships have improved, reductions in staff turnover and disciplinary issues and increased business performance. At one of the sites we saw the turnover reduce from 33 per cent in 2008 to only 12 per cent in
2009 and in another there was a similar story, with turnover reducing from 36 per cent in 2008 to just nine per cent in 2009. Hillcrest Care is aware that the recession may also have had an impact upon this with people being more likely to seek job security; however, it would certainly appear the impact has been positive.

One example of how the training worked to improve working relationships was identified between the Operations Manager of Learning Disability Services and one of the recently recruited Service Managers who reported to him. The manager had been recruited to take over the running of a newly created supported living service and the feedback from the Operations Manager was that this manager was not performing particularly well, ignoring any advice or actions he was suggesting should be taken. Both managers attended the course and throughout the day by discussing their own profiles began to see where the professional relationship between them was failing.

The profile of the Operations Manager showed him to be highly influential, persuasive and talkative; he would move very quickly from one subject to the next and as a result didn’t stop to clearly explain what he was looking for. The profile of the service manager showed her to be very systematic, precise and logical, needing clear direction and understanding of what was required within the role. As a result of undertaking the training, they were both able to see how their working styles were hindering performance. The Operations Manager was able to adapt his working style slightly for this manager by taking more time to explain what was required, and hence, the service manager had a greater understanding of what was required of her and as a result the relationship between them improved significantly, having a positive impact on the business performance of the service.

At £2500, the initial training course was costly at £2500 plus the costs of refreshments, venue, travel and accommodation. Consequently Hillcrest Care has been unable to run another this year although this is certainly something to be considered in the future. The main challenges to implementing the use of psychometric testing has been the cost and time factors. Completing the PPA takes around eight minutes; however, preparing and giving feedback to the employee generally takes around an hour for preparation and an hour for the feedback. Following this preparation for the discussion with the relevant manager requires around another hour for each. In addition, there is the cost of the PPA and, due to the multiple locations of Hillcrest Care services throughout England and Wales, there are also the time and costs of travel to consider.

Hillcrest Care have, however, identified various benefits to carrying out this process. The managers who have undertaken the PPA and received the feedback tend to have lower numbers of employee relations issues occurring within their services; the turnover rates for those services have been lower; and, inspection reports from OFSTED and CQC are of a higher standard. This all has had a positive impact on the reputation and, subsequently, the overall performance of the business. The use of PPAs has a positive reputation throughout the company and with employees eager to undertake an assessment in order to learn more about themselves, the way they work and how this influences others. Hillcrest Care are also finding that over a year after the training course took place requests being received from managers for PPAs of their teams in order to improve how they work together.

Civil regulation and employment relations: the implications for HR practitioners

Steve Williams, Brian Abbott and Edmund Heery

Civil regulation and employment relations

While the study of employment relations has long been dominated by a concern with understanding the activities of employers, trade unions and governments, scholars have increasingly been turning their attention to the influence of new and emerging actors, such as community organisations, consumer activists and temporary employment agencies (Heery and Frege 2006). In this article we report on some key findings from our study of one of these new actors—civil society organisations—particularly the role that they play in influencing the behaviour of employers through the process of civil regulation. For a longer version see Williams et al (2010).

First of all, what is a civil society organisation (CSO)? We use the term as a convenient label to encompass the variety of bodies that inhabit civil society, those that are not part of the state or the market (i.e. firms). CSOs include charities, faith groups, voluntary associations, advocacy bodies, social movement organisations, campaigning groups, community bodies and other non-governmental organisations (NGOs). Of course, under this approach trade unions and professional associations may also be viewed as CSOs; however, our study was not concerned with these already well-researched bodies. The research findings reported here come from interviews conducted in 2008 with 51 key informants (e.g. chief executives, policy officers) across 34 different CSOs which operate at a national-level within the UK. Among the CSOs from which we collected data were: Age Concern (now Age UK), the gay and lesbian rights body Stonewall, the Migrant Rights Network, Carers UK, Working Families, Macmillan Cancer Support, Refugee Action and the Daycare Trust.

In designing the research we were concerned with investigating how these CSOs attempt to influence the policies and practices of employers, thus contributing to the regulation of employment relationships. There is an emerging business and management literature which is concerned with the topic of civil regulation. Essentially, the term civil regulation is applied to governance arrangements that enable civil society and the organisations that comprise it, to exercise oversight over, and thus influence, business activity; putting pressure on corporations to deliver improvements in social and environmental standards (Zadek 2007). Generally civil regulation is portrayed as a form of private regulation, marked by the absence of any role for the state in the governance of business activities. Rather, corporations themselves, in association with other non-state actors like CSOs, determine the regulatory framework within which business operates, setting standards in areas such as environmental management for example, particularly on an international basis (Hutter and O’ Mahony 2004; Moon and Vogel 2008).

How does civil regulation operate?

We were keen to use our research to investigate in more detail how civil regulation operates in the area of work and employment relations. Our data show that civil regulation encompasses three key elements: efforts to set employment standards, the processing of information and methods of influencing employers’ behaviour.

Standard-setting

The first component of civil regulation concerns the efforts of CSOs to set employment standards. This is often done on an indirect basis, as CSOs lobby government for changes in the law that would influence the policies and practices of employers. The enactment of whistle-blowing legislation, the widening of the scope of anti-discrimination legislation to cover age and sexual orientation, and the extension of the right to request flexible working to cover carers of adults are all policy interventions that were influenced by CSO lobbying.
Yet CSOs also attempt to effect standard-setting by engaging directly with employers. Three main interventions are used by CSOs to influence standards in this way: award schemes that promote and recognise good practice by employers; benchmarking services which regularly measure the performance of employers against a set of specific criteria; and standards of good management practice which employers are encouraged to adopt. Working Families, for example, offers employers the opportunity to benchmark their work-life balance and flexible working policies ‘against the best’. Perhaps the most well-known initiative of this kind is Stonewall’s Diversity Champions scheme which has a membership of over 500 employers. Member organisations are required to commit themselves to achieving best practice in the management of gay, lesbian and bisexual employees, going beyond straightforward compliance with the relevant anti-discrimination legislation.

Information processing

A second key element of civil regulation concerns the processing of information. CSOs try to use their knowledge and expertise, often garnered through appropriate research, to influence the policies and practices of employers, thus helping to inform their standard-setting efforts. For example, recognising that there was scope for improving organisational practice, Tommy’s the Baby Charity became concerned with advising employers on how to support pregnant workers more effectively. Providing employers with relevant information is seen by many CSOs as a key way in which they can help to improve how people are managed at work. Health and well-being charities, for example, are particularly concerned with making sure that line managers are sufficiently well informed about how to handle employees with specific health conditions. We interviewed the head of a mental health charity who said that ‘one of the big needs I think we’ve identified is line management understanding of mental health issues’.

This aspect of CSO activity is often marked by a concern with raising wider awareness among employers of the issues with which they are concerned: the benefits of instituting more flexible working arrangements, for example, or how to handle workers with specific conditions that affect their health and well-being. CSOs frequently use research findings to validate the need for desired courses of action, often drawing on the experiences of their clients. They try to act as a source of expertise, which governments, employers and others can draw upon to inform their policies and practices. The chief executive of a body which tries to improve age diversity outlined this aspect of its role: ‘what we try to do is to observe the good practice that is there and draw on best practice in this country and abroad and be a repository of knowledge in relation to age management’.

Influencing behaviour

The third element of civil regulation concerns the type of approach used by CSOs to influence the behaviour of employers. A distinction can be made between a deterrence approach, where CSOs rely upon the credible threat of sanctions to effect changes in employers’ behaviour, and a compliance approach, based on the use by CSOs of non-coercive measures to encourage change. Our research indicates that the compliance approach to altering the behaviour of employers is markedly more popular among CSOs than the deterrence approach. We found little use of, or interest in, boycotts of employers, for example, or efforts to expose employers’ malpractice; although there was sometimes a preparedness to instigate legal proceedings against employers in exemplary cases. In contrast, there is a notable willingness to work cooperatively with employers, based on the premise that effective people management is good for business performance.

We encountered manifold instances of how CSOs were using business case arguments to underpin their interventions with employers. The charity Macmillian Cancer Support, for example, is keen to demonstrate to employers the business benefits of retaining staff with a cancer diagnosis, something which has been a ‘key driver’ of its growing employment work. Perhaps surprisingly, similar business case arguments for effecting change were evident even among CSOs which might have been expected to take a more confrontational
approach with employers. The representative of a community organisation which campaigns for better pay and conditions for low-paid and vulnerable workers observed that ‘essentially what we are constantly trying to do is say this is actually good, not just for the individual worker, but for the business as well, and change the basic thinking’. While CSOs secure legitimacy, and their capacity to alter the behaviour of employers, on the basis of their expertise and moral authority as specialist actors in their respective fields, the emphasis on using business case arguments to promote change may, however, restrict the effectiveness of their interventions since there is little capacity or interest in imposing sanctions on employers.

**Implications for HR practitioners**

The rise of civil regulation poses four main implications for HR practitioners. First, they need to be aware of the extent to which CSOs are able to influence government policy in some areas, affecting policy outcomes in matters relating to discrimination and equality, for example, or occupational health, work-life balance issues and the treatment of vulnerable workers.

Second, HR practitioners may find themselves in circumstances where it is beneficial to strike a dialogue with CSOs directly. The role of CSOs is not just restricted to influencing government policy, but is also often concerned with encouraging firms to comply with their legal obligations when it comes to managing people at work, and ideally to exceed them. HR practitioners may wish to consider whether or not to apply standards of management good practice devised by CSOs in their own organisations, for example.

Third, while instances of CSOs trying to alter the policies and practices of employers through the use of a deterrence approach are relatively uncommon, HR practitioners need to be aware that poor management practice, particularly perceived non-compliance with their statutory obligations, may provoke action from CSOs keen to demonstrate how effective they are at achieving their objectives, and benefiting their clients, particularly in the area of discrimination law. For example, in exemplary cases, Stonewall is prepared to support employment tribunal cases against employers.

Fourth, while the activities of CSOs may be viewed as constituting a potential challenge for employers, HR practitioners need to be aware that they can also be a useful source of advice, information and guidance over specialist matters (e.g. age discrimination, supporting workers with specific health conditions, managing sexual orientation, operating with a migrant workforce) where specific expertise might otherwise be hard to come by. We plan to undertake further research examining the extent to which employers make use of the services of CSOs in this manner.

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UK Corporate Governance and the ‘Next Generation HR’

Dr David Hall

Corporate governance has been under scrutiny since the financial crash in 2007. Following the Walker Review, a new UK Code on Corporate Governance (‘the Code’) was published by the Financial Reporting Council in June 2010. The Code is aimed at regulating board practice and presents a number of significant people management challenges. This article considers the role of HR in corporate governance in the light of CIPD’s response to the Walker Review and its ‘Next Generation HR’ research published in February 2010.

Corporate governance

The development of corporate governance over the past 20 years has largely been influenced by company scandals from the 1990s to the current day. The first version of the UK Code was produced in 1992 in response to a number of scandals in the UK, including the collapse of the Maxwell Communications Group. The Cadbury Committee report included a ‘Code of Best Practice’ with guidelines for board behaviour and disclosure. The new Code is intended to help boards make decisions and behave in such a way that does not destroy company value, as the boards of Northern Rock, RBS and other banks did, which lead to the financial crisis of 2007 and subsequent UK government bail-outs. For an international dimension - the introduction of the Sarbanes-Oxley legislation in 2002 was the US response to the Enron and WorldCom multi-billion dollar fraud scandals.

The new Code states that “the purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company” (2010, Para 1) and refers to the Cadbury Report as providing the classic definition of the context of the code: “Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the government of their companies. The responsibilities of the Board include setting the company’s strategic aims, providing leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship” (1992, Para 2.5.) The current UK’s corporate system is based on a combination of legislation on company law and voluntary codes, which requires companies to “comply or explain”, i.e. explain why a company will not comply with the Code. The Code applies to all FTSE 350 companies but influences governance beyond this group and the private sector.

Convergence and performance

The global nature of business, particularly in the banking and financial sectors means that the decisions of board directors affect stakeholders across borders, as powerfully demonstrated by the widespread economic recession throughout Europe and the USA in recent years. The implications of this diffusion of forces continues to ‘funnel’ convergence of corporate governance within the international business community, although regional differences still persist, e.g. shareholder-led nomination committee system practised in Sweden.

Despite the growth of research in corporate governance, the evidence supporting a causal relationship between corporate governance and business performance remains ambiguous - which is hardly surprising given the complex and dynamic relationships involved. However, surveys by McKinsey Quarterly have shown that major institutional investors are increasingly willing to pay a premium for effective corporate governance believing that it helps to create value. One research report presenting empirical evidence from different world regions, describes a ‘positive’ influence of HRM practices on employee and corporate performance (Guest, 2005) highlighting the role that HR plays in governance.
The UK Codes principles and provisions

The five main principles of the Code are summarized in this table.

<table>
<thead>
<tr>
<th>Section</th>
<th>Main Principle</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>Every company should be headed by an effective board which is collectively responsible for the long-term success of the company.</td>
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<tr>
<td>Effectiveness</td>
<td>The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.</td>
</tr>
<tr>
<td>Accountability</td>
<td>The board should present a balanced and understandable assessment of the company's position and prospects.</td>
</tr>
<tr>
<td>Remuneration</td>
<td>Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of directors' remuneration should be structured so as to link rewards to corporate and individual performance.</td>
</tr>
<tr>
<td>Relationship with Shareholders</td>
<td>There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.</td>
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For each main principle, there are supporting principles and a set of code provisions which detail the requirements for compliance to the Code. There are also two schedules which set out further provisions, including Schedule A: The Design of Performance-Related Remuneration for Executive Directors.

People management

Although the detail of the new Code is beyond the scope of this article, it is clear from the main principles alone that there are significant and strategic people management issues involved for organisations who aspire to effective corporate governance. The areas of leadership, effectiveness and remuneration present enormous challenges for boards - not just in terms of compliance but also in delivering sustainable shareholder value.

A review of the Code swiftly leads to the conclusion that expertise in strategic people management is an essential 'input' to enable boards (and organisations) to function effectively. With an estimated 20 per cent of HR directors on the boards of the FTSE 100 companies, there would appear to be a significant gap in the competency profile of the many FTSE company boards. This gap presents a threat to the business of these organisations as they lack the essential expertise required to help them comply with the Code. These companies are also losing out on potential business opportunities because of the constraint placed on their ‘human capital’ capability to create value.

In its response to the Walker review, the CIPD support the view expressed by Hector Sants, FSA Chief Executive Officer and endorsed by the CBI: “…the structure of governance in financial companies does not need radical overhaul. The attitudes and competence of the individuals who conduct that governance does.” (CIPD, 2009: 2). The salient point made by the CIPD is that it is the culture of an organisation which influences the behaviour of all employees, including directors, and it is these behaviours that determine outcomes. Without a fundamental shift in how directors approach their roles, any changes in corporate governance and how risk is managed are likely to be ineffective.
HR can play an important role in managing risk in companies, particularly in the areas of recruitment, retention, relationships and reward management. A good example of this is the set of general principles published by the CIPD in 2009 on executive pay, which is designed to act as a framework to help HR directors and Remuneration Committees when developing executive remuneration policies and practices. HR managers and directors can benefit by raising awareness of the strategic people management role that is required by the stakeholders they represent, and the Code provides a useful framework to assist with this. Furthermore, HR directors should be instrumental in shaping stakeholder perception by communicating a firm grasp of the issues and leading their organisations towards solutions.

‘Next Generation HR’

The CIPD’s ‘Next Generation HR’ research emphasises the importance of HR to be able to generate organisational insight - which is essential for any function to be able to make a worthwhile contribution to the business. More helpful is to consider such insight as prerequisite to enabling senior HR managers recognise what their organisations require from their function at board level, which is essential if they are to operate as effective ‘Business Partners’.

The conclusion that “sustainable organisational performance and what drives it should sit at the heart of the HR agenda” (CIPD, 2010, p.22) is helpful in ‘positioning’ HR relative to the boardroom agenda. HR need to be conversant with the meaning of organisational performance at board level while being convincing about the contribution that the HR function makes to performance. HR professionals are familiar with the concept of ‘human capital’ which provides the link between people management and business performance. There is growing evidence of the influence and nature of this link to encourage HR professionals to communicate this with confidence in the boardroom.

The CIPD calls for Next Generation HR leaders to be partners and provocateurs. The sentiment behind the latter is nicely captured in the quote “We’re looking for the kind of person who would have stopped Sir Fred Goodwin (at RBS)” (Martin Webster in CIPD, 2009, p.7). Stewardship of corporate values is an important role for which HR is ideally placed; creating value by underpinning ethical behaviour and ‘good business’ in management practice, and ensuring accountability at the highest level.

Conclusion

The new UK Code on Corporate governance has significant strategic people management implications for the management of boards and organisations. It invites HR professionals to ‘step-up’ and lead on governance matters at senior management level, in executive director and non-executive director roles. CIPD’s response to the Walker review identifies specific business challenges where HR is ideally suited to do this. The ‘Next Generation HR’ research also suggests how the HR profession can position itself to meet the challenges in current business climate. It would appear that as a consequence of corporate mismanagement, the Code is about to create an opportunity for the ‘Next Generation’ of HR leaders to secure a permanent place on the boards of UK companies. Perhaps this economic cloud will have a ‘silver lining’ for aspiring HR professionals?

CIPD Response: Walker Review of Corporate Governance in Financial Services (2009)
CIPD, London.
Change management and HR in Hampshire County Council

Amanda Harcus

For the past seven years the Government has awarded Hampshire County Council (HCC) a top rating for performance and quality of services. At the same time the Council has the lowest precept of county council tax in South East England. HCC seeks to become an ‘employer of choice’ and strives to provide ‘value for money’ for all residents across the county (Fig. 1). It employs circa 42,000 staff (27,644 in schools) and is led by a non-elected Chief Executive and seven Directors of Services (Adult Services, Children Services, Culture, Community and Rural Affairs, Environment, Chief Executives including HR, County Treasurers and Property, Business, Regulatory and IT services). Services need to respond quickly and flexibly to change to ensure HCC achieves its long term aims.

HCC adopted the Ulrich (1996) model of HR and established dedicated HR Business Partners (BPs) across the organisation to match each of the seven directorates. The role provides governance, guidance and strategic support to each departmental management team (DMT), in some cases the role is an integral part of the DMT. The role is critical to leading and managing macro and micro people and organisational change requirements in relation to HR. Change in HCC is influenced by internal and external demands placed upon services and also set by each DMT in response to modernising and changing service requirements. HR has a five year vision and people strategy (Fig. 2) with four associated key aims to enable HCC to achieve its corporate outcomes. In parallel, HR developed KUDOS, which establishes how HR teams should operate with each other, and their customers and staff, to deliver outstanding services.

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1 HR Staff charter, Knowledge and Understanding to Deliver Outstanding Services, containing 6 keys to drive internal HR development, outline expectations of HR managers, staff and senior managers which will deliver the 6 keys.
The Coalition Government requires significant financial and austerity measures of Local Authorities. HCC faces unprecedented changes due to skills shortages and the changing workforce profile, together with decreasing grant funding for service delivery, set against ever increasing demands by residents. This requires a workforce which is responsive, agile and flexible to change. In parallel, HCC is committed to continually improving performance, providing greater efficiency, and doing more with less, whilst modernising how it operates.

**The HR issue**

In recognition of the changing agenda and focus, HR introduced and utilised Business Partners and specialist centres. There are a total of 287 HR staff to support the whole organisation, which is an approximate ratio of 1:132 HR to employees. This represents good value for money against benchmarked services. HCC’s HR Department is structured into the following functional sections:

- **Employment Practice Centre**: providing employee relations services (excluding schools), employment policies, procedures and guidance and trade union consultations
- **Resourcing Centre**: providing all recruitment activities and support for HCC
- **Pay and Contract Support Services**
- **Workforce Planning, Projects and Remuneration**: providing performance data and analysis, setting and agreeing national pay arrangements on behalf of HCC
- **Education Personnel Services**: providing end to end HR services for schools
- **Hampshire Learning Centre**: providing consultancy, strategic direction for management leadership and corporate courses, including e-learning.

Initially, HR was reactive to transactional HR demands from the organisation. To move towards a proactive approach, HR realigned and became more credible, through building its reputation, embedding improved delivery standards and focusing approaches in departments through both operational and strategic support, utilising a consultancy approach via its BPs and Heads of Centres. This has enabled HR to become pivotal in supporting the organisation to deliver its transformation and change agendas. Whilst the Ulrich model enabled better business understanding and higher levels of influence and strategic input at local and corporate levels, it has also created specialist centres with some limits in flexibility.

Over the past 12 months, significant changes have taken place. These include structural reviews to realign and review full time equivalent headcount, whilst introducing more flexible and smarter ways of working, requiring improved space utilisation such as ‘hot desks,’ ‘drop in stations,’ and, in addition, changing working practices. This is set against a context and organisation culture of being predominantly paternalistic, and generally risk adverse, within a traditional and hierarchical setting. Over the last two years HR has provided challenge and critical support to key senior managers to help shift and change some of the traditional elements that existed.

Three new challenges have emerged for HR during the last 18 months. The first is HR’s ability to support the scale of change required over the next two to three years within the current model of operation. The second is the organisational ability to manage and enable cultural change. The third, is how to support development of HR staff to ensure a consistent approach in how change is led, managed and co-ordinated. An example of how HR supports HCC to drive change and deliver efficiency has been a realignment of key HR policies to support a more modern way of doing business, enabling managers to make expedient decisions. HR has identified associated key saving areas thereby influencing the senior management team by making the business case for change. For example, a review of reimbursements, rationalisation of role profiles and pay grades, and provision of high level advice on organisation design, have all demonstrated tangible financial savings.

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2 Tested 2009 as part of Corporate Service Reviews
What are we continuing to do, why and how are we doing it

With a growing demand on services and recognition of the strategic value HR provides, implementation of strategies and transformation, coupled with an emergence of localised challenges, has contributed to an increased demand for strategic and operational requirements, and support for managers implementing change. This is a continual challenge in a climate where HR is already lean and perceived to be delivering good value for money. HR reviewed its processes and ways of supporting across all sections and considered how it needed to support current and future change. In particular, the need to be responsive and flexible and continue to successfully deliver HR services meant the model required further refinement. The BPs recognised that large scale changes would impact on capacity, and the Employment Practice Centre (EPC) area needed to meet increasing demand for the delivery of strategic projects. EPC implemented a revised structure creating two hubs, one focusing on ‘operational’ activity and the other being a ‘core’ team encompassing project, policy and business development functions. The new model enables EPC to maximise flexible deployment of resources to meet priority needs of customers and increases the effectiveness and responsiveness of the HR service to the business.

HR continuously reviews, develops and supports change programmes, thereby influencing the strategic and operational agenda and providing support at an organisation and a departmental level. Balanced against this, HR is striving for a climate in which HR staff are encouraged and supported in developing change skills and where strategic level planning is led by HR Business Partners and Heads of Centre. A change framework, linking major change, improved workforce planning, and the development of a manager’s ‘change toolkit’ are further examples of what HR has developed. This has led to HR staff approaching organisational change issues and service reviews in a more consistent way. HR has a key influence within the Corporate Management Team and is involved in change at early stages to provide support, advice and robust challenge.

The HR learning points and next steps

There is a need to continually learn and develop from the changes, and the HR management team has identified some internal HR challenges which need to be addressed, namely:

- An emerging gap between the level of operational HR staff understanding and ability to link to wider HCC requirements; in part caused by the Ulrich model focusing on specialised centres and in part due to the need to ‘join things up’ for staff much more.
- Limited capacity of transactional and operational HR staff to take on more of a ‘consultant’ role, whilst providing advice and being able to initiate insightful questions.
- Balancing the ‘policing’ and compliance tendency of HR, through its legal and governance role, against enabling HR to translate activity into practical actions.
- Facilitating the flexible and appropriate deployment of HR resources across the business, utilising skills and knowledge of staff, and aligning them to activities.

HR is working hard to involve its staff through seeking engagement and commitment on key projects and utilising the change toolkits to aid collaborative approaches. The establishment of the HR Collaborative Working Group, the focus of which is ‘to champion and drive the provision of a seamless service’ and ‘one’ HR through sharing customer intelligence and aiding collaborative working, is supporting the more effective sharing of information across HR staff, whilst also ensuring consistent practice. Opportunities need to be developed to enable HR staff to move across different sections of the business in order to broaden experience, skills and knowledge, and to provide stimulation and motivation for HR staff. HCC will seek to develop staff knowledge through improving commercial focus, embedding value for money strategies and continuing to develop a continuous improvement and sociable climate and culture aligned to the Corporate Strategy and HR vision.

How do Southampton employers manage mental health in the workplace?

Wendy Tolson and Marjorie Corbridge

The HR issue and business case

This article contends that it is important for businesses to recognise that maintaining employee mental well-being is of equal importance to the maintenance of employee physical well-being. Physical well-being, in terms of what the body needs to function correctly, such as the quantity and quality of sleep, food, water and exercise, are aspects of daily life that are taught from an early age. Moreover, it is possible to talk quite openly about many aspects of physical illness. Indeed discussions relating to the common cold are part of the British culture and enter into daily discourse. A quite different scenario emerges in relation to mental health. Recognising signs of mental illness, accessing treatment and speaking openly to others are avenues that are often difficult to navigate. The absence of this access route, whether resulting from ignorance, acceptance or stigma, can have profound effects on the sufferer and lead to a prolonged and painful illness, and a lengthy recovery.

From a business perspective, why is the merging of both physical and mental health such an important issue in the workplace? The simple answer is that until organisations recognise, understand and facilitate mental illness in the same way as physical illness, they may unnecessarily lose a considerable workforce potential due to mental ill-health. This is costing organisations in the region of £28.3 billion according to a recently published report on “Promoting mental well-being at work” (National Institute for Health and Clinical Excellence (NICE), 2009: 4). The empirical evidence therefore suggests that in a business sense, not placing mental health high on the well-being agenda will adversely impact on organisational effectiveness. The NICE report (2009: 9-15) places the cost of absenteeism attributed to mental ill-health at between 38 per cent and 44 per cent of total absence, representing an estimated £835,355 for an organisation with 1000 employees.

Government interventions

In 2009, the government ran a pilot in conjunction with Mind (the mental health charity), and indicated its intention to look to extend the support in the following areas:

- to develop a first ever National Strategy for Mental Health and Employment;
- to examine how people with mental health problems can be helped back to work;
- to implement a new network of dedicated mental health experts across Jobcentre Plus to coordinate support for people who have mental health conditions;
- to consult on Right to Control, to give disabled people, including those with mental health problems, greater choice and control over how public money is spent to meet their individual needs and ambitions;
- to double the Access to Work fund, from £69m to £138m over the next five years - providing practical advice and financial support to disabled people and their employers to help them overcome work-related obstacles resulting from disability.

Clearly the Coalition Government may modify this agenda, but the principles remain instructive.

Contributing to the debate, Sophie Corlett, (2009), Mind’s Director of External Relations, said: “If employers put their mind to it and provide the right support they can keep their staff mentally well and fit for the workplace. People with mental health problems want to work but are often failed by employers who lack the understanding or the skills to provide the necessary support. We welcome the Government’s increased investment in mental health, particularly during these difficult economic times, when now more than ever people need the support and understanding of their employers.”

Shift, the Department of Health’s programme to reduce stigma and discrimination directed towards people with mental health problems, produced a publication in conjunction with the
Health and Safety Executive (HSE) and the Department for Work and Pensions (DWP) - *Line Managers’ Resource – A practical guide to managing and supporting people with mental health problems in the workplace*. Within this resource, Dr. Paul Litchfield, Chief Medical Officer BT Group plc (2007: 3), puts forward the business perspective and makes the case that: “businesses that don’t take mental health seriously will not be successful in the 21st century”. The Department for Work and Pensions (2008) published a research report on Mental Health and Employment, which explored the understanding and experiences of employers dealing with mental health in the workplace. The results showed that large organisations and the public sector perceived that they were adequately informed and had good links with occupational health services, whereas smaller employers had only partial knowledge and limited access to services and advice.

**The research method**

The research set out to explore how employers relate to mental well-being in terms of range, quality, quantity, knowledge and application in the working environment within the Southampton Area. A range of questions was developed to investigate issues around:

1. the disclosure of mental health problems, and whether employers have in place a Healthy Work Plan, to enable employees with mental health problems to consider their working environment and communicate their needs to their employer;
2. Mental Health Awareness Training, the disability symbol and the Mindful Employer Charter.

One of the challenges was in deciding upon the key people best placed to provide information about mental health and employment. Line managers and supervisors, who are in direct contact with employees, were considered. However, the logistics of accessing this audience were prohibitive, and questionnaires were sent to the HR departments of employers representing the diverse industries within the Southampton area. In addition, interviews were held with HR managers in three organisations, two organisations representing the public sector, employing collectively over 40,000 staff and, one a private international organisation, well established in Southampton, employing over 2,000 staff.

**What we found out**

The research data indicated that most organisations acknowledged mental ill-health exists; albeit work related stress (WRS) emerged as the predominant connection with mental ill-health. However, a major employer expressed a wider understanding of mental ill-health and the need to move away from WRS to a “wider remit of understanding”. This organisation went on to say that it had identified a correlation between mental stress and the increase in muscular injuries, which confirmed earlier research by the International Labour Office (ILO) which identified that, “The mind and the body are not separate entities” (1983: 32).

Also, it would appear that the sample organisations do not gather the reasons for absenteeism into meaningful categories, and this inhibits the diagnoses of causes and effective action in support of the employee. The main explanation offered was that organisations use the services of Occupational Health professionals and therefore, this information was not necessarily available to the HR department. It was also widely acknowledged that many organisations did not know whether this type of information was being gathered by Occupational Health, but the research results suggested an absence of accurate data relating to mental ill-health. Nonetheless, the sample organisations were aware of mental health issues, and the impact on their business, albeit not in accurate numbers or in financial terms.

Various knowledge sources of mental health information were identified by employers, but these were by no means extensive and there was a gap between readily available information and the target audience. If the annual cost of employee mental ill-health is so high (NICE public health guidance 22, 2009, and Sainsbury Centre for Mental Health, 2007),
why is there an absence of a proactive approach to accessing information? Is it because employers are unaware of its existence, or is it because they do not see the need? Perhaps it is due to the lack of financial know-how in relation to the consequences of employee mental ill-health and lack of rigour in collating specific data on absenteeism. Many organisations were not fully aware of how mental ill-health effects the business, and therefore were not proactive in accessing relevant sources of information, identifying costs, and engaging in effective action.

The research results identified a high level of engagement with the well-being agenda generally, with evidence of creative initiatives for employees. Examples included: cycle schemes; yoga sessions; free fruit and water; free flu jabs; relaxing café area with internet access; TV; microwave; newspapers and free tea and coffee; employee assistance helpline; local chaplain available for confidential consultations; sports clubs; social events; zero tolerance of violence, aggression or bullying; occupational health specialists, health insurance; regular one to one’s; and, encouraging employees to leave work on time and take all annual leave. These are admirable initiatives, but to what extent do they contribute to the promotion of mental well-being? Or, do they fall under the ‘perks’ category, with the primary aim of staff retention and recruitment?

The research identified that what is being offered under the ‘well-being’ banner is positive, with no apparent negative connotations, and therefore it is a comfortable subject, like the Work Life Balance (WLB) term. An obvious fear is that the seriousness of mental health has been absorbed into a more sociably acceptable framework. Notably, the research data highlighted the WLB agenda as offering directive solutions to the pressures of time management with imaginative approaches to flexible working, which reflects other findings where 95 per cent of employers reported that “employees worked best when they can balance their work/life commitments” (WLB2, Woodland, et al., 2003; Stevens et al. 2004, cited by Houston 2005: 3).

The HR contribution

An evident concern is identifying which department is best positioned to answer questions relating to issues of mental well-being. In some respects, the HR departments were able to offer relevant views. However, the research identified a lack of comprehension and application of knowledge with the HR departments in relation to a business overview. Although some HR departments contended that “they had their ear to the ground” and that “sitting out in the business” afforded them the intimacy to relate to the inner workings of the organisation, the research showed that the inherent HR focus limited their perspective. The underlying aim of this research was to explore the awareness of the range of related issues relevant to mental well-being and the working environment. The researchers hope to have provoked an interest, and provided signposts to further avenues of research, in relation to mental well-being and how it impacts upon the business. In particular, the role of and the inter-relationship between Occupational Health, HR professionals and line managers warrants further research, and exploring the possible linkage between organisational culture and disclosure of mental ill-health could provide an interesting line of enquiry.

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**Civil regulation and employment relations: the implications for HR practitioners**
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**UK Corporate Governance and the ‘Next Generation HR’**
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**How do Southampton employers manage mental health in the workplace?**
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