

Culture, climate and the key role of line managers

University Campus Suffolk,
November 2009

Anthony Stanton Ltd
Successful organisations, flourishing staff

Structure of the talk

- The people management value chain.
- Culture and climate.
- The key role of the line manager
- How HR can support line managers.

Anthony Stanton: speaker profile

- ❑ A background in HR and general management.
- ❑ Led HR in organisations employing from 600 to 11,000 staff.
- ❑ An HR strategist and coach, change agent, speaker and facilitator.

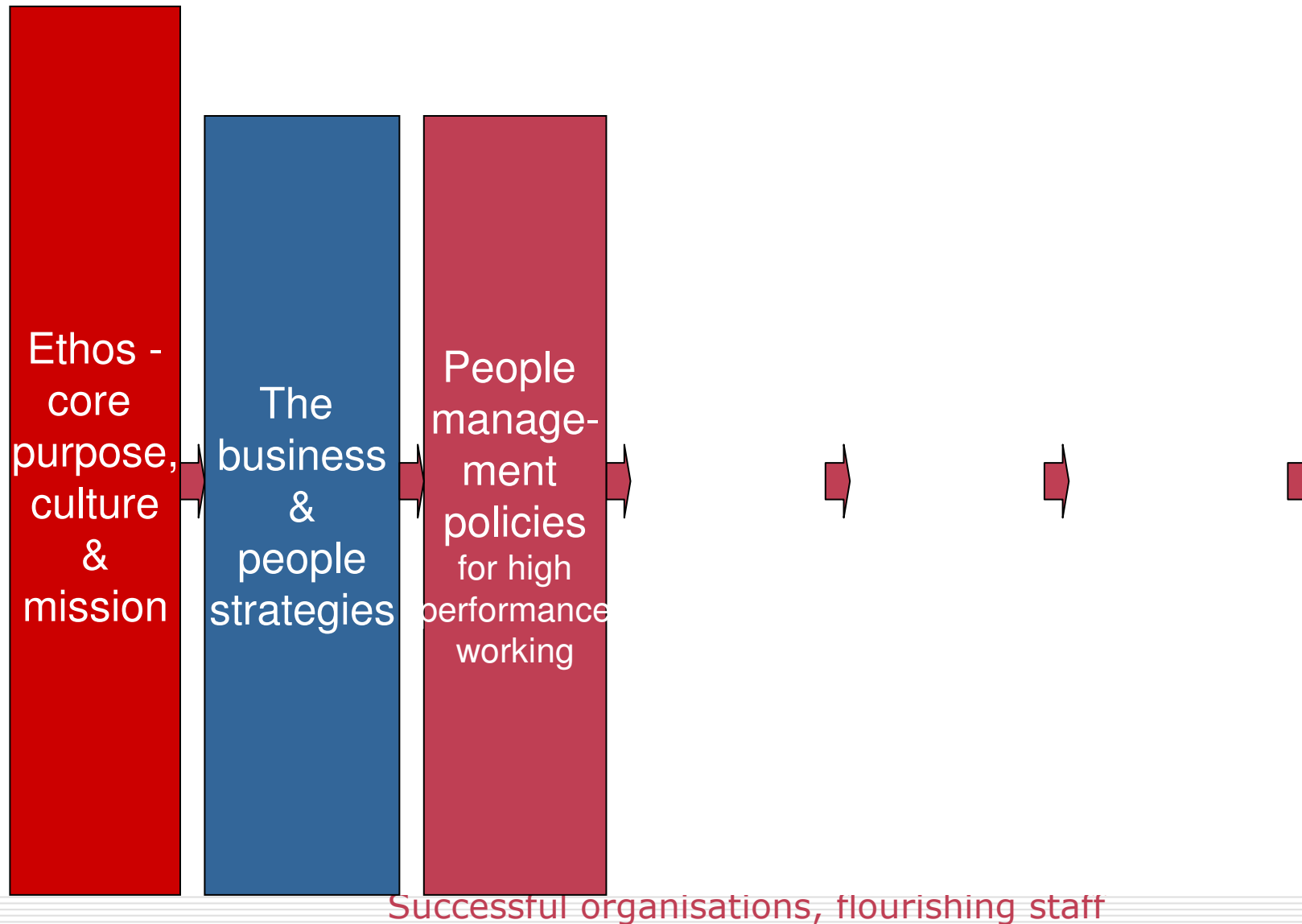
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The impact of people management on organisational success

- ❑ UK manufacturing companies. Well managed workforces were 29% more productive, with 17% better profitability. (Patterson et al 1997)
- ❑ U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- ❑ UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

The people management value chain



The Policy Arrow

Core purpose and values, culture and strategy.

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

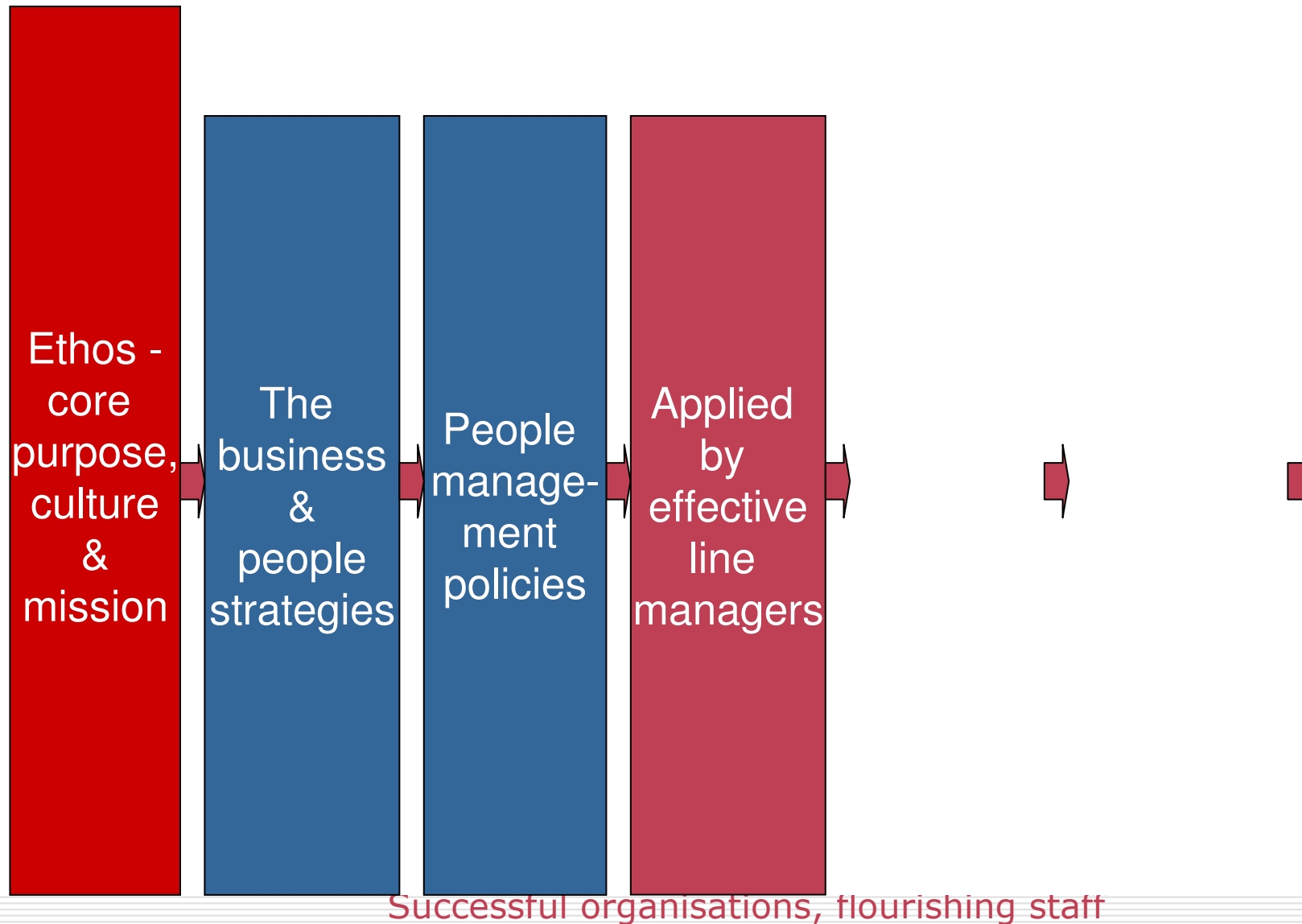
Career and succession planning.

Employee communication.

Employee involvement in decision making.

Employee well being.

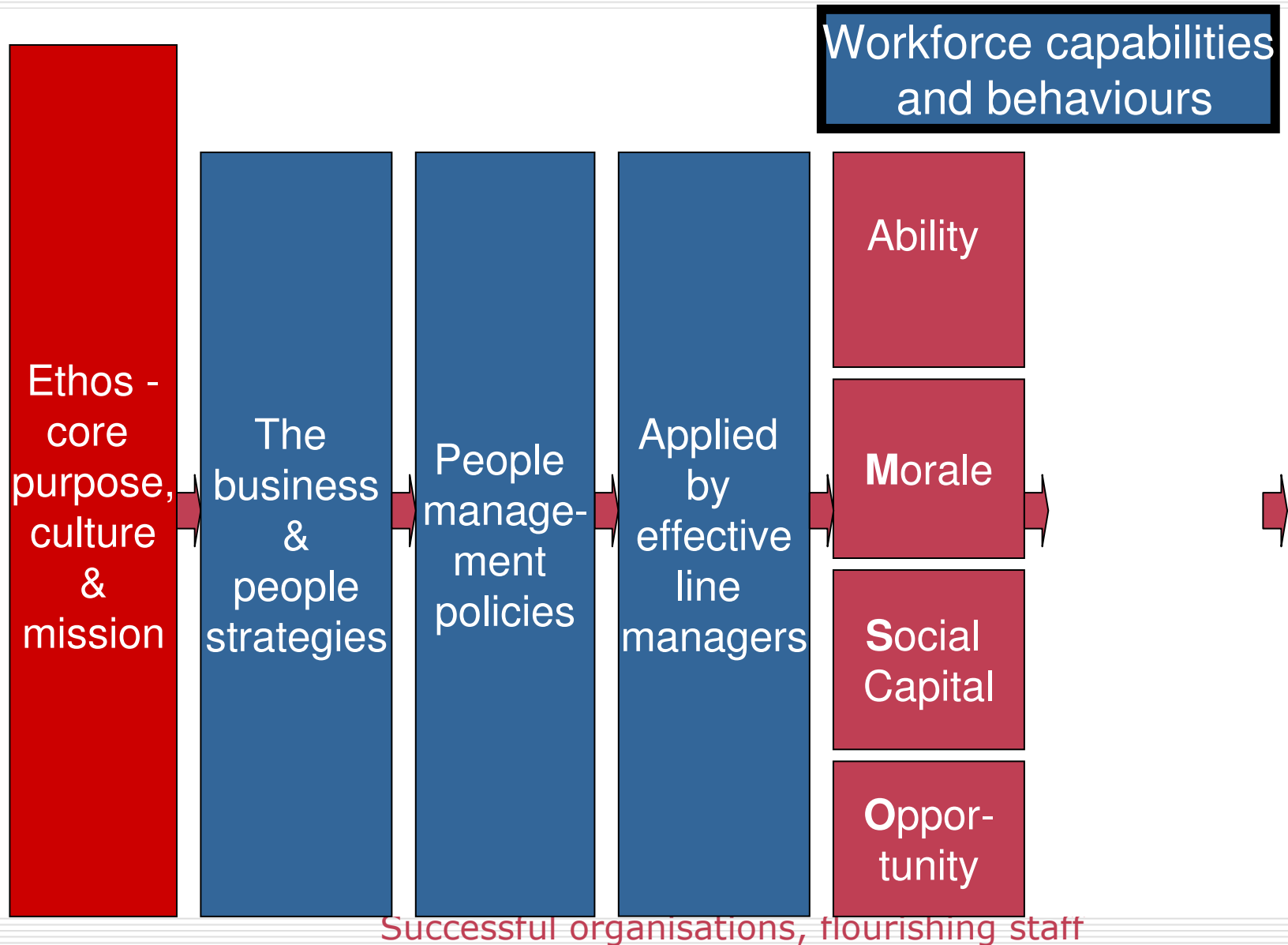
The people management value chain



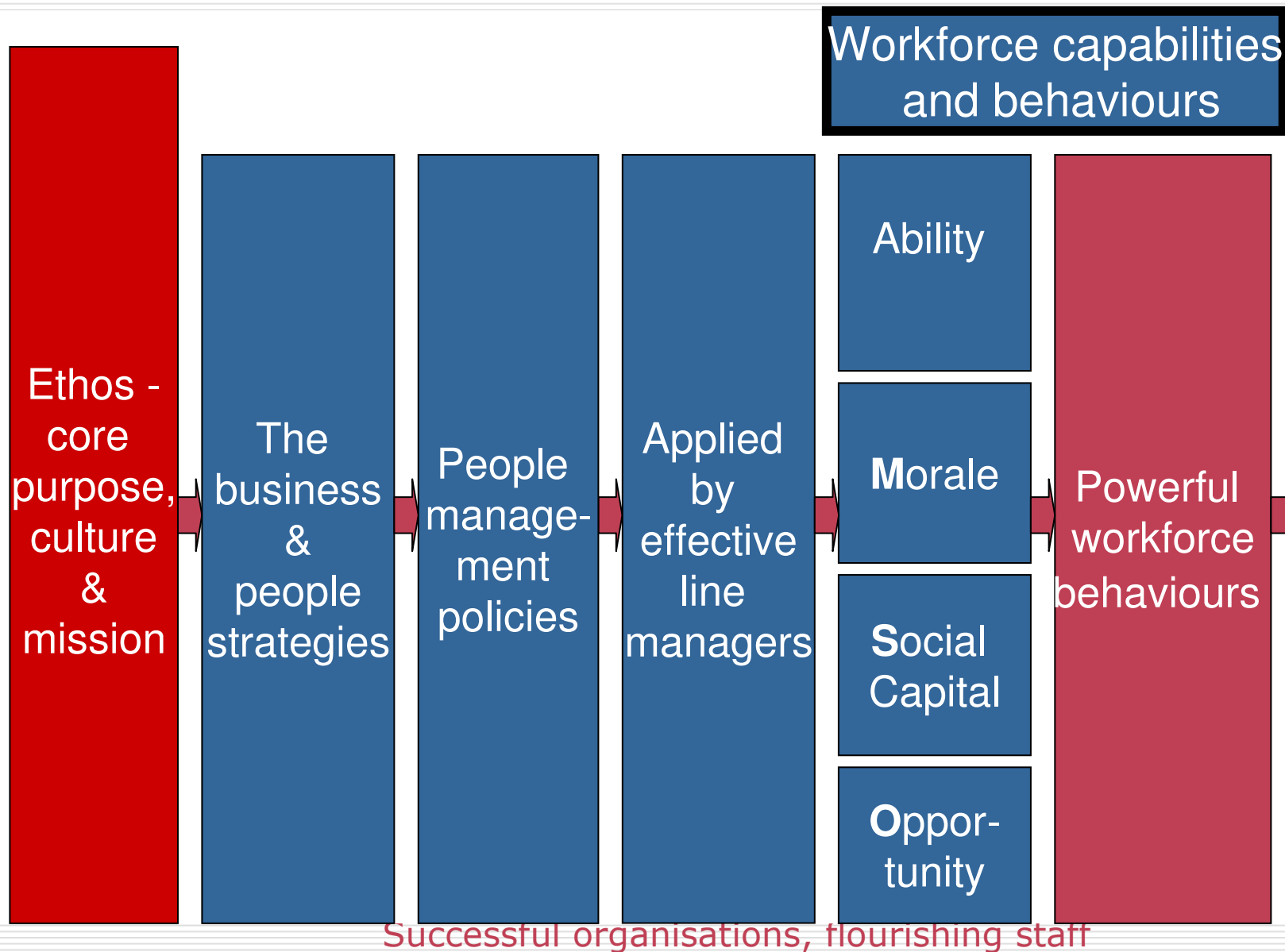
The vital role of line managers

- o *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- o *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”* Gallup.
- o *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

The people management value chain



The people management value chain



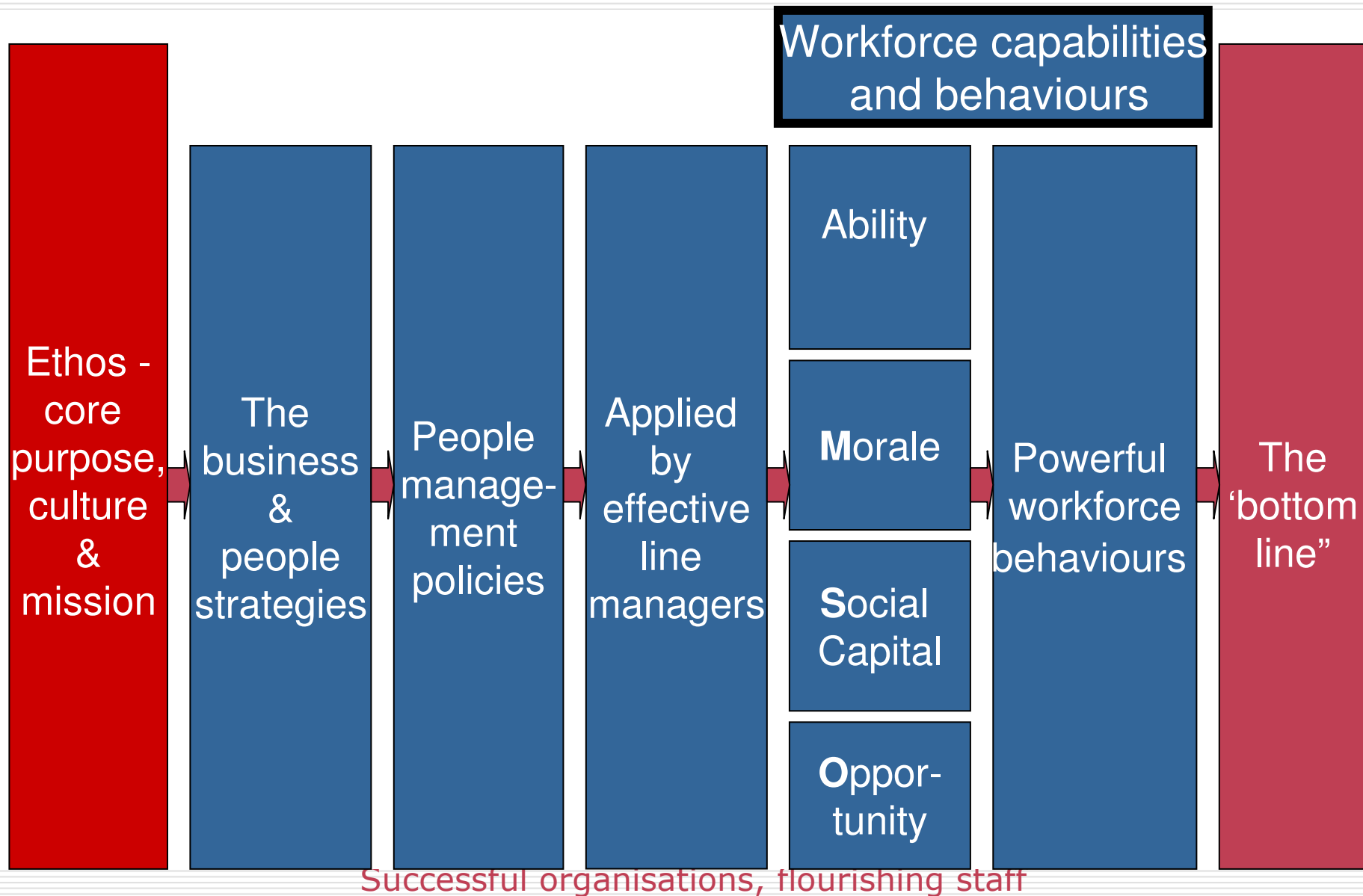
Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



The people management value chain



The private sector: the 'for profit' bottom line

The right products or services



Satisfied and loyal consumers.



Strong consumer demand.



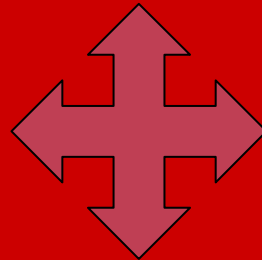
Profit target met.

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'Not for Profit' Bottom Line

The right products or services
(in terms of innovation, quality, cost.)

**Satisfied and loyal
clients.**



**Strong public
reputation.**

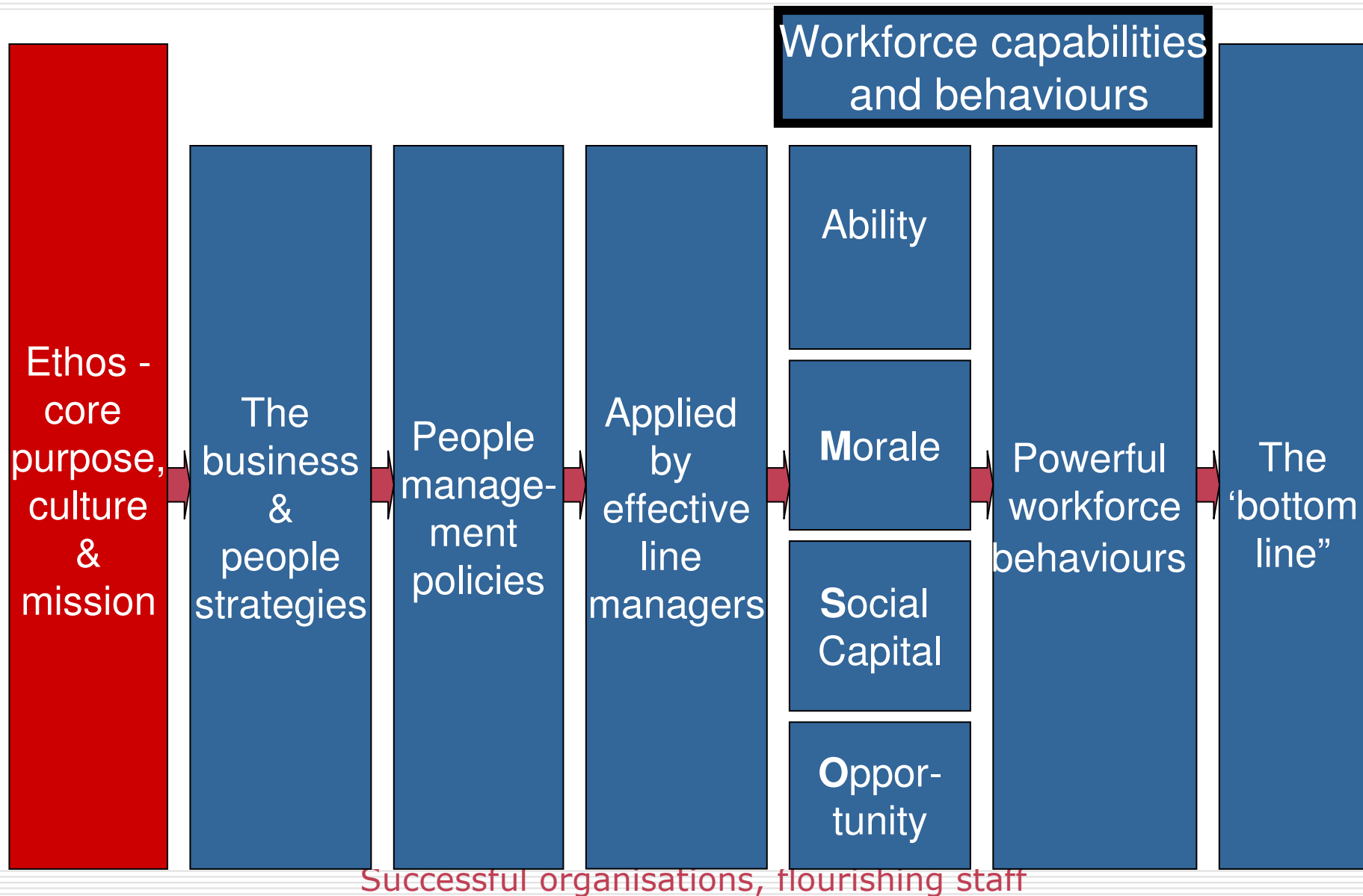
Financial targets met

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The people management value chain



A definition of culture

Culture is an organisation's 'collective identity' – a belief system of assumptions, values and norms about what is important and how to behave.

Cameron and Quinn's 1999 typology of organisational cultures

Values flexibility and change.



Flexibility versus stability



Values stability and control (keeping things the same).

Clan culture. People orientated organisations which feel like an extended family. High levels of trust, commitment to employees, teamwork, staff involvement in decision making, empowerment and partnership. The organisational 'glue' is shared values and beliefs. Example: Disney, Savoy luxury hotel.

Adhocracy culture. Innovative, creative, risk taking, dynamic and entrepreneurial, seeking to have the most unique or the latest products. Organisation charts are temporary or non-existent; roles change frequently. Examples: software development; film making; think tank consulting.

Hierarchy culture. A 'command and control' bureaucracy valuing tradition, consistency, co-operation and conformity. Designed for efficiency and cost containment, with few changes in customer preferences, competition & technology. Examples: McDonalds; the US Inland Revenue Service; HM Revenue and Customs in the UK.

Market culture. An aggressive emphasis on out-performing the competition in the market, and achieving demanding targets. This culture works well if the external environment is threatening, and the focus is on competitive advantage and profit. Example: General Electric under Jack Welch.

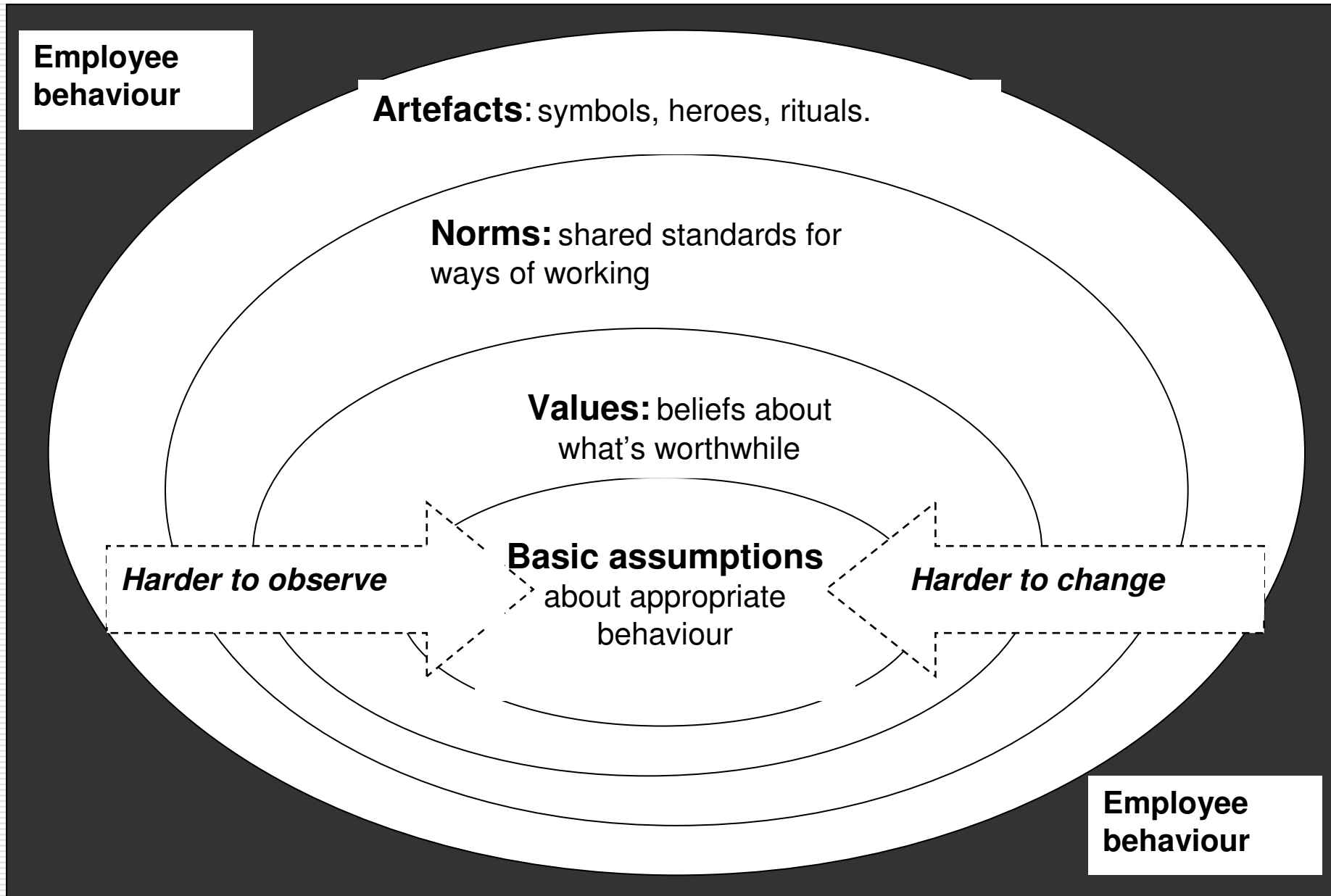
Attending primarily to what is going on inside the organisation.

Internal versus external focus

Attending primarily to what is going on outside the organisation.

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Successful organisations are focusing staff

Levels of organisational culture

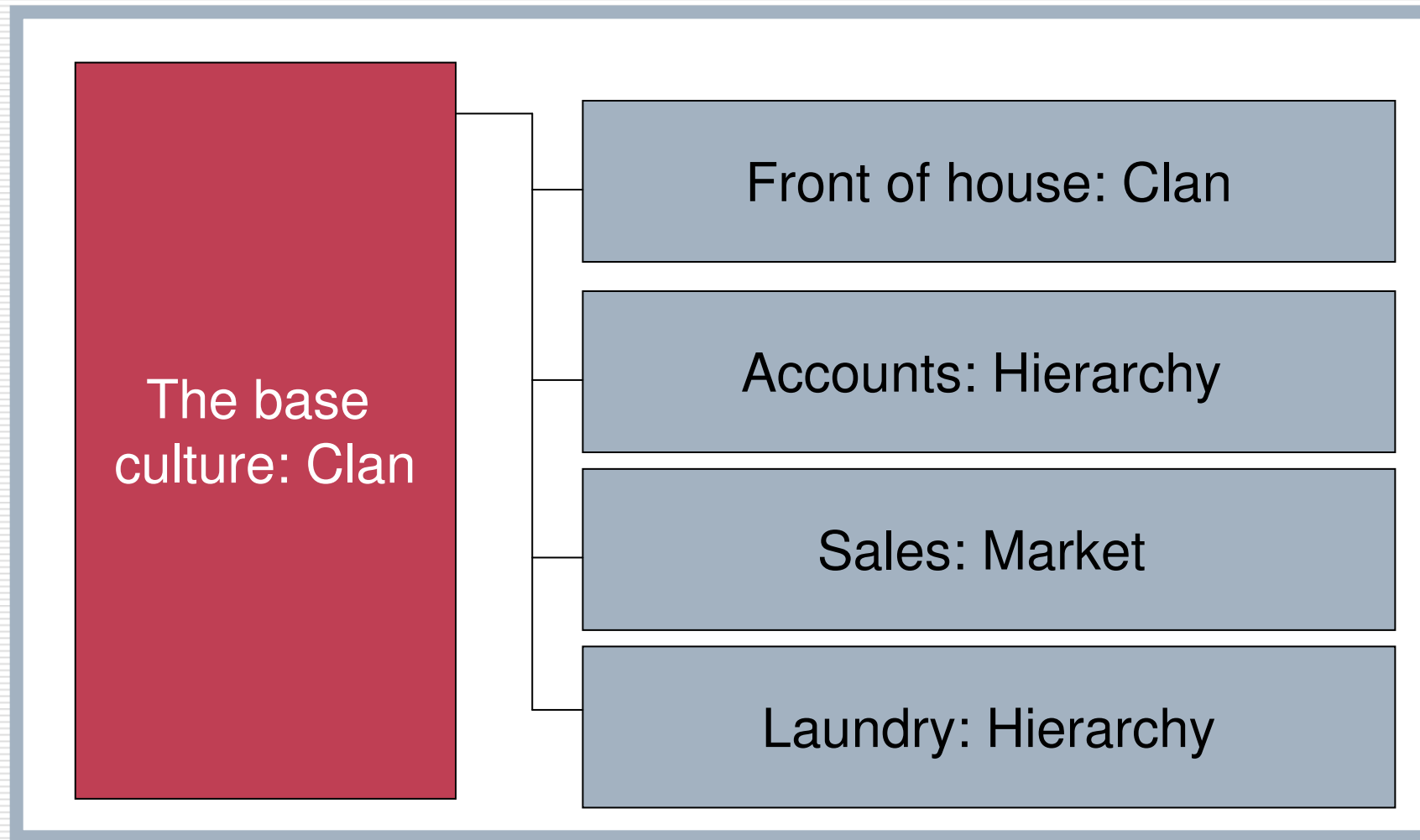


Example of Core Purpose and Values – Merck

(www.businessplans.org)

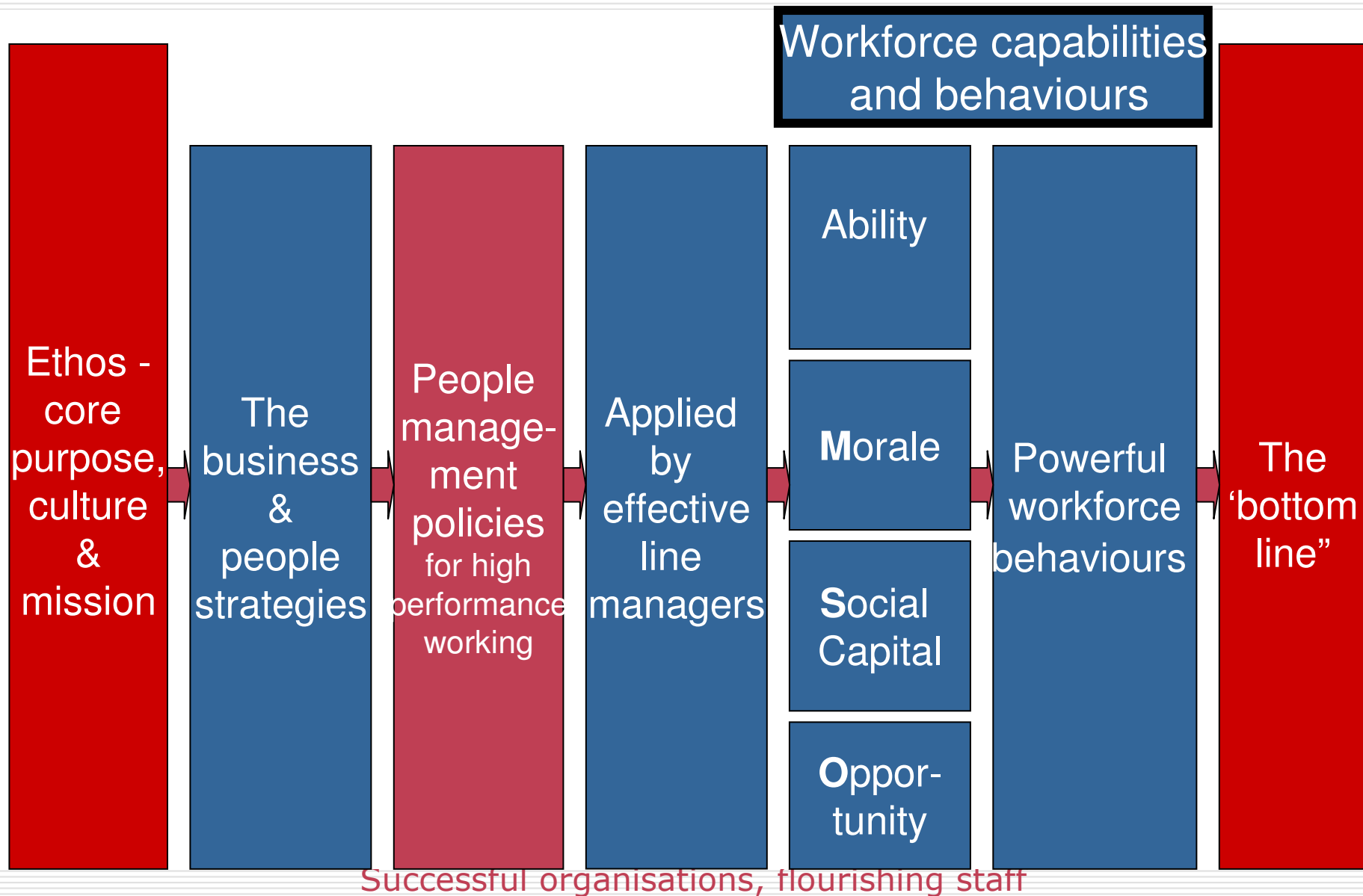
Core purpose	Core values
To preserve and improve human life	<ul style="list-style-type: none">o Corporate social responsibility.o Unequivocal excellence in all aspects of the company.o Science based innovation.o Honesty and integrity.o Profit, but profit from work that benefits humanity.

Sub cultures, using Savoy Hotel as an example



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The people management value chain



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Career and succession planning.

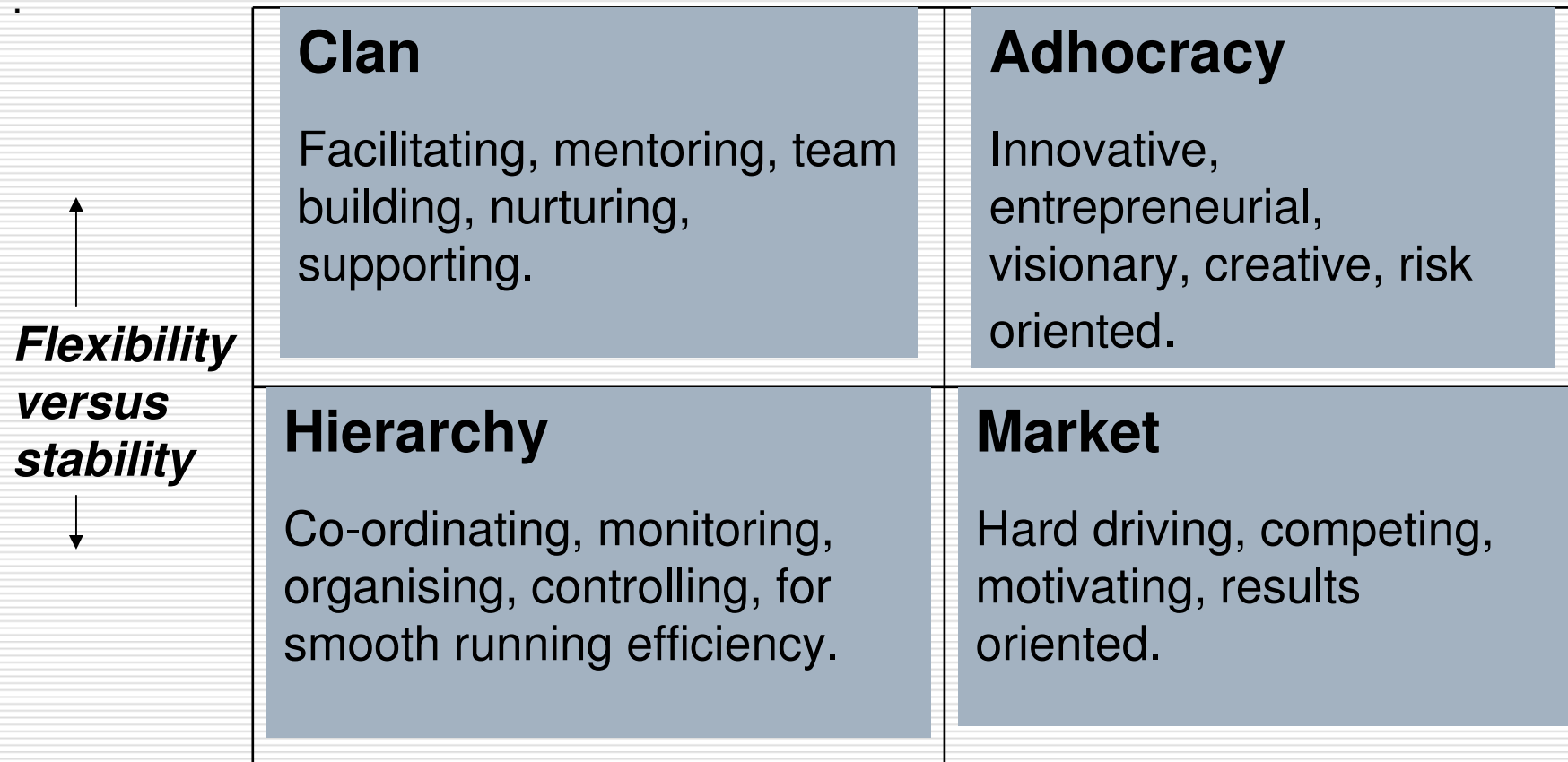
Employee communication.

Employee involvement in decision making.

Employee well being.



Leadership style to fit different organisational cultures (Cameron and Quinn 1999)



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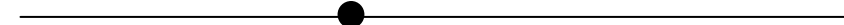
Performance management style to fit different organisational cultures

Emphasis on

Low

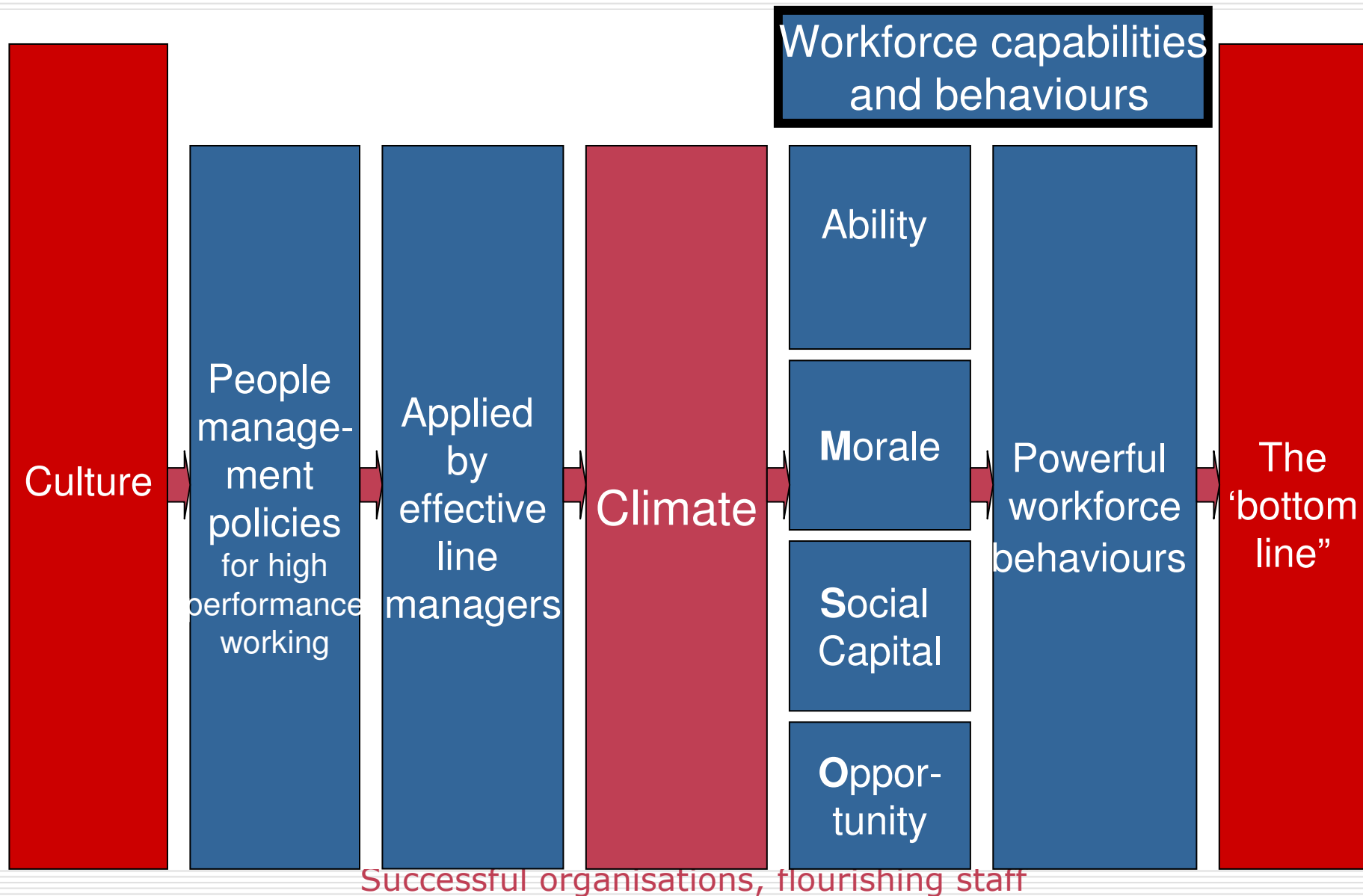
High

- Nurture** and grow employee's skills
- The way staff do things** – living the values
- Achievement of **results**



(Market – Merchant banking?)

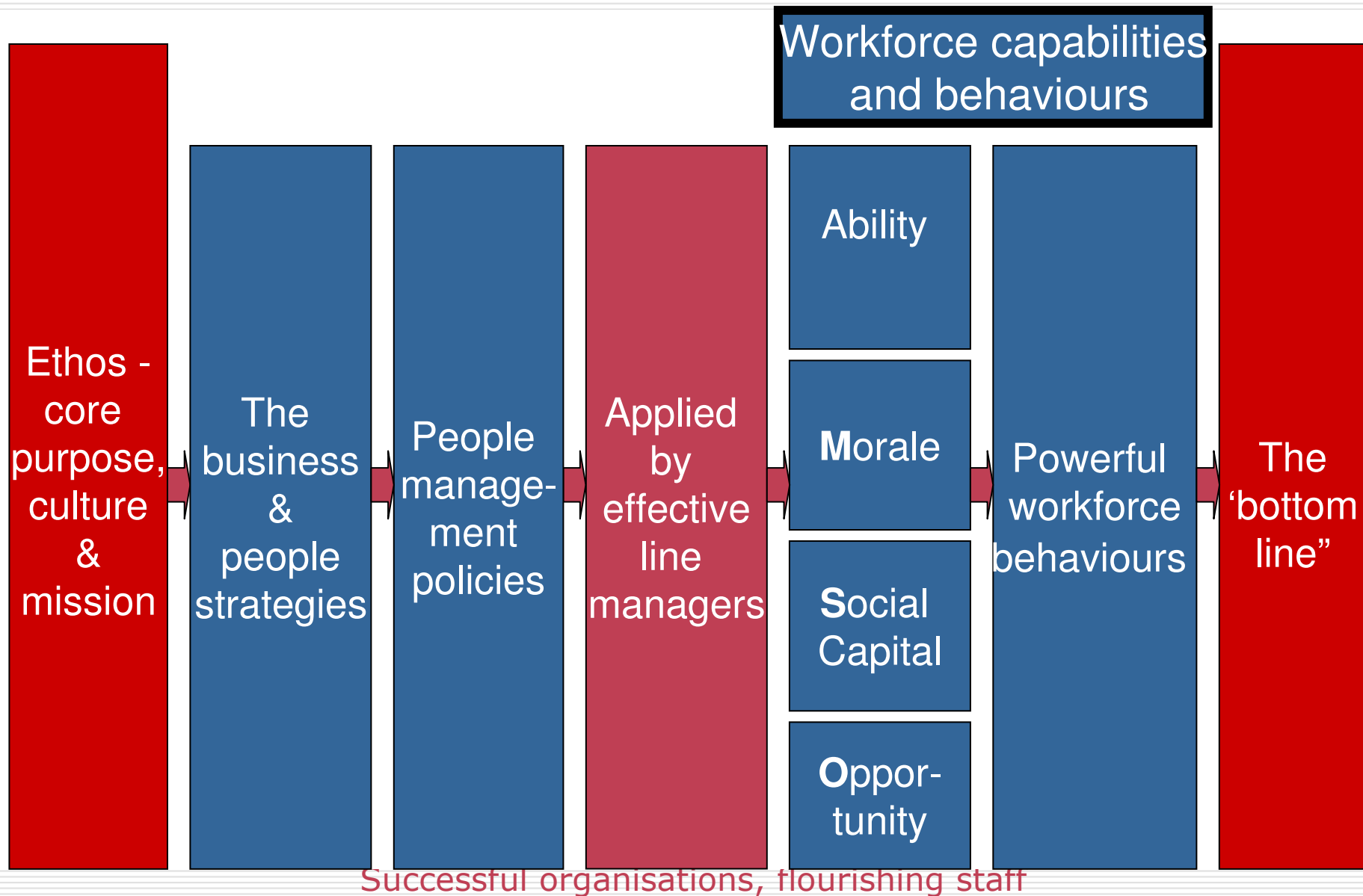
Climate



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The people management value chain



Reading: Selfridges case study



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Key areas where line managers make a difference

1. Living the organisation's values and culture;
2. Designing jobs to give staff manageable workloads;
3. Recruitment, selection and induction;
4. Career development;
5. Training, coaching and development;
6. Performance management, including appraisal and managing disciplinary or capability issues;
7. Reward, recognising employees' skills & contribution;
8. Employee involvement and communication;
9. Attending to employee well being needs, including fairness, work life balance and making it easy for people to raise and resolve issues.

How are line managers doing?

See the reading for research results.

How to support effective people management by line managers

- 1. Have a culture which emphasises and supports effective people management.**
- 2. Manage line managers really well.**

How to manage line managers really well

1. Design their jobs so they have time to manage staff.
2. Define leadership behaviours and competencies.
3. Role model the behaviours at higher management levels.
4. Recruit for management potential and cultural fit.
5. Create career paths and plan succession to higher roles.
6. Engage managers with the importance of good people management.
7. Train and develop them continuously.
8. Support them when they deal with poor performance.
9. Measure, performance manage and reward them to recognise good people management.
10. Meet their well being needs.

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How HR can support line managers

- Involve them in decisions about people management policies and initiatives.**
- Provide them with good HR advice and support.
- Supply them with metrics so that they can see how effective they are and where they can improve.

Provide line managers with good HR advice and support

Business Partnering.

‘Maintenance’

- **Advice work** to apply procedures and employment law e.g. case-work, implementing organisational re-structurings.
- **Administrative work** e.g. recruitment, pay, pensions.

Supply managers with metrics so that they can see how effective they are and where they can improve

Branch: **Cambridge**

Qtrly staff budget: £46,222 (10.4 f.t.e.+ 8%)

Budget Holder: **Bob Jones**

Ability: % posts achieving target skill & performance at last appraisal:

	<u>Target</u>	<u>Actual</u>
This year:	75%	90%
(Last year:	75%	88%)

Morale: % staff satisfied & planning to stay, in quarterly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	85%
(Last quarter:	75%	85%)

Social Cap.: % staff rating team-work as good+ in qtrly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	85%
(Last quarter:	75%	85%)

Opportunity: % staff pleased with the amount of say they have in how work is done, in qtrly pulse survey:

	<u>Target</u>	<u>Actual</u>
This quarter:	75%	95%
(Last quarter:	75%	85%)

Staff absenteeism (av.):

	<u>Target</u>	<u>Actual</u>
This quarter:	8%	5%
(Same qtr 2006:	8%	6%)

Cost above 8% budgeted:

This period: £0
Last period: £0

Unwanted staff turnover
over quarter:

	<u>Target</u>	<u>Actual</u>
This quarter:	7%	6%
(Same qtr 2006:	7%	5%)

Labour productivity

(labour cost per £revenue)
Labour cost (£43,596)
Output (£173,000)

**Labour cost per £
revenue (pence)**

	<u>Target</u>	<u>Actual</u>
This period:	25p	25p
(Last period:	24p	24p)

Financial results: pre-tax profit in quarter:

	<u>Target</u>	<u>Actual</u>
This period:	£16,500	£17,300
(Last period:	£15,700	£16,400)

Customer demand: covers served per av. week:

	<u>Target</u>	<u>Actual</u>
This period:	700	720
(Last period:	700	718)

Customer satisfaction: % good+ by mystery diners:

	<u>Target</u>	<u>Actual</u>
This period:	75%	85%
(Last period:	75%	80%)

Output (sales revenue):

	<u>Target</u>	<u>Actual</u>
This qtr:	£165k	£173k
(Same qtr 2006:	£157k	£164k)

Conclusions

- ❑ There is no one 'right' culture for high performance – 'horses for courses'.
- ❑ Culture must be embodied in the organisation's people management policies, and enacted by line managers, to achieve a matching climate.
- ❑ Line managers are key, and need to be involved and supported.

HR strategist and change agent, coach, speaker and
facilitator

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