

# Mind the gap: United Kingdom: Employer perspectives

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## INTRODUCTION

In this paper, we present information about the availability of human resource policies and resources that characterize quality employment and compare the availability of selected workplace-based resources in the United Kingdom with four other countries: Australia, Canada, Germany, and the United States. The information presented has been selected from the Cranet survey, Workplace Employment Relations Survey and a number of surveys conducted by the Chartered Institute of Personnel and Development.

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might affect the effectiveness of their talent management strategies, policies and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent management policies and practices that they are globally strategic and also relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- And, how might these policies and practices support the sustainability of great places to work?

### *What does “mind the gap” mean?*

Train stations across England play recorded messages to remind passengers that they should “Mind the Gap.” These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station for safe commutes and travels.

For this series of our research publications, we have adopted the phrase, “Mind the Gap.” The Mind the Gap series aim to remind employers to pay attention to any gaps that might exist between employees’ priorities and need and employers’ allocation of workplace-based resources. Our Mind the Gap papers also aim to help our readers to such gaps in quality of employment in other country contexts.

## Table of Contents

Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”	3
Quality of Employment in United Kingdom	
I. Indicators of Fair, Attractive and Competitive Compensation & Benefits	4
II. Indicators of Opportunities for Development, Learning & Advancement	6
III. Indicators of Wellness, Health & Safety Protections	7
IV. Indicators of Opportunities for Meaningful Work	7
V. Indicators of Provisions for Employment Security & Predictabilities	8
VI. Indicators of Workplace Flexibility	9
VII. Indicators of Culture of Respect, Inclusion & Equity	10
VIII. Indicators of Promotion of Constructive Relationships at Work	11
Summary: Minding the Gap	12
Conclusion: Closing the Gap	12

The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

**Employee Series:** This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question:

- Does age affect employees’ preferences for an idealized job and their assessments of their employment experiences?

**Employer Series:** This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question:

- How does the availability of human resource policies and programs in the targeted country compare with other countries?

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees’ perceptions of their employment experiences vary from country to country.



## Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.

- ➔ **Benefits for Employees:** The quality of employment affects the health and well-being of employees. Research confirms that poor quality job (such as jobs requiring extreme work hours, jobs that are very demanding – particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions such as cardio-vascular problems.<sup>1</sup>
- ➔ **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.<sup>2</sup> Employer-of-choice strategies can result in enhanced employee engagement which, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they intend to stay with their employers in comparison to the 24% of disengaged employees who “intend to stay.”<sup>3</sup> A number of studies have linked employee job satisfaction with positive performance indicators. Fortune reports positive relationships between being recognized as a “great place to work” and stock indices.<sup>4, 5</sup>

In this paper, we focus on eight important dimensions of the quality of employment:

- Fair, Attractive and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality of employment framework as a structure to discuss the perspectives of employees about their employment situations.

# QUALITY OF EMPLOYMENT IN UNITED KINGDOM:

## I. Indicators of Fair, Attractive and Competitive Compensation & Benefits

- *Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees' basic economic needs.*

- 31% of employers in the United Kingdom reported that market rates were the most important factor used to determine pay rates.<sup>6</sup>
- 29% employers adopt a total reward approach to compensation and benefits while another 21% intend to create a total reward approach in the future.<sup>6</sup>
- In 2008, 39% employers expected their budget for benefits to increase. The most common benefits been introduced were childcare vouchers (10%), bicycle loan (9%), formal coaching or mentoring schemes (7%), health and well-being benefits (4%) and free financial advice (4%).<sup>6</sup>
- In 2008 the most commonly offered benefits in the United Kingdom were 25 days paid leave or more (84%), training and career development (79%), tea/coffee/cold drinks (70%), Christmas party or lunch (69%), childcare vouchers (62%), life assurance (i.e. life insurance) (59%), car allowances (57%), health and well-being benefits (57%), mobile phones (54%) and enhanced maternity/paternity leave (54%). Less commonly provided benefits included loan s for first homes (2%), mortgage assistance (4%), on-site crèche (6%) and paid sabbaticals (7%).<sup>6</sup>
- 70% employers in 2008 used a cash-based bonus or incentive plan with 60% of these schemes based on individual performance, 51% on business results, 27% on team-based results and 50% on a combination of these.<sup>6</sup>



Figure 1: Average number of types of pay per country  
(employee share schemes, profit sharing and stock options)



The findings in **figure 1** suggest that organizations in the U.K. have a moderate number of pay options (employee share schemes, profit sharing and stock options) compared to Australia, Canada and the United States.

Source: Parry & McNamara, 2008; from the 2005 Cranet Survey.

- ➡ We also compared the availability of pay variations by organizational level in organizations (pay based on individual performance, team/department performance or organization-wide performance) in the United Kingdom with those in the other countries. The U.K. has relatively low availability of these pay variations when compared with Australia, Germany and the U.S., exhibiting similar levels to those in Canada (see figures 1 and 2).

Figure 2: Average number of pay variations by level by country (individual, team, organization-wide performance).



Source: Parry & McNamara, 2008; from the 2005 Cranet Survey.

## II. Indicators of Opportunities for Development, Learning & Advancement

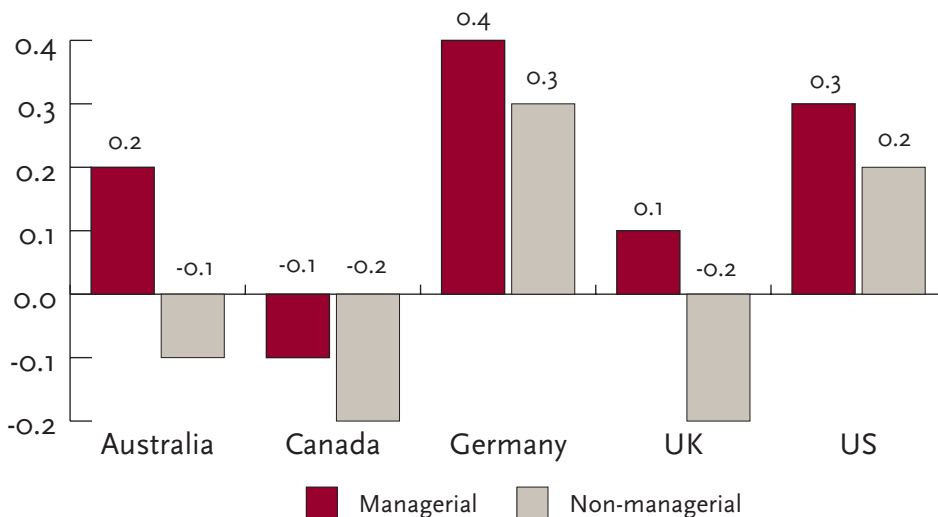
- *Opportunities for the development of expanded skills and responsibilities are available.*

- 34% employers have graduate training schemes. The main areas included in these schemes include coaching and mentoring (85%) and project assignments (81%). 79% of such schemes provide the opportunity to study for professional qualifications.<sup>7</sup>
- 71% organisations offer personal coaching to their employees, with 44% offering coaching to all employees. Coaching is most commonly used for general personal development (61%), as part of a wider management and leadership development program (61%), to remedy poor performance (66%) and where changes in behaviour are required (55%).<sup>7</sup>
- 77% organisations had a specific training and development budget in 2008.<sup>7</sup>
- 81% of employers in 2007 frequently used on-the-job-training to develop employees. 60% used in-house development programs, 43% used instructor-led off-the-job training, 37% used external conferences and events and 30% used formal education courses.<sup>8</sup>



- ➡ When compared to Australia, Germany and the United States, the United Kingdom has more than the average number of opportunities for learning and development for managers and less than the average for non-managers (see figures 3).

Figure 3: Availability of learning and development opportunities by country (standardized scores).



Source: Parry & McNamara, 2008; from the 2005 Cranet Survey.



### III. Indicators of Wellness, Health & Safety Protections

- *Well-being is promoted through workplace policies, and social protections are offered in case of illness.*

- 27% employers in 2008 offered private medical insurance to all employees, while 14% offered dental insurance to all employees, 11% offered private accident insurance and 24% offered long-term disability/permanent health insurance.<sup>9</sup>
- In 2008 employers offered a range of well-being initiatives to employees, including exercise classes (17% to all employees), advice on healthy eating (35%) and stop smoking support (49%).<sup>9</sup>
- In 2004, 68.9% organisations offered sick pay in excess of statutory requirements in the United Kingdom.<sup>10</sup>

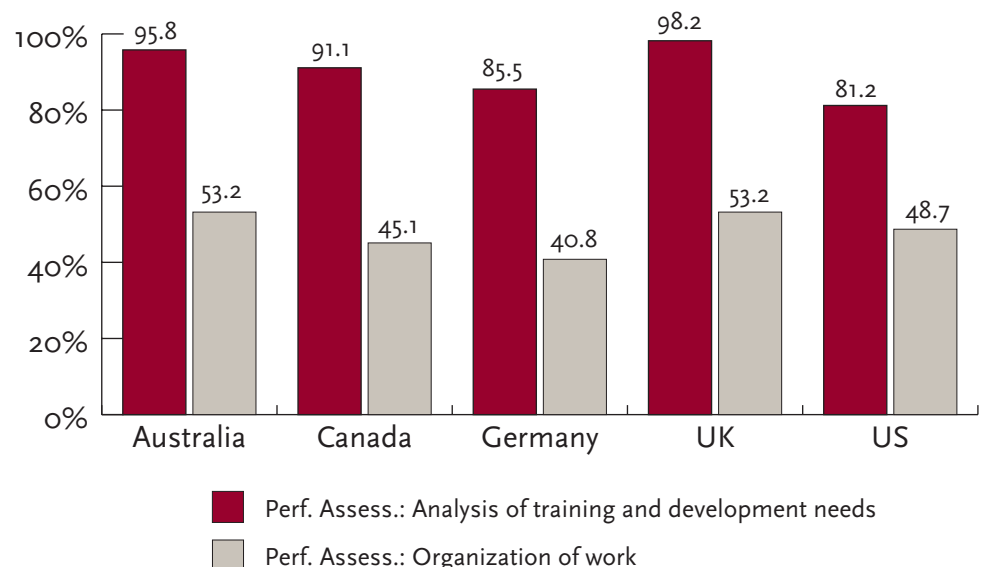
### IV. Indicators of Opportunities for Meaningful Work

- *Opportunities for meaningful and fulfilling work are available.*

- In 2005, 22% of U.K. employers offered employees time off to work in the community.<sup>12</sup>

- As indicated by figure 4, when compared to Australia, Canada, Germany and the U.S., employers in the UK are more likely to report that they use employees' performance assessments as a way to assess training and development needs and for the organization of work.

Figure 4: Use of information from performance assessments for analysis of training and development needs and the organization of work.



Source: Parry & McNamara, 2008; from the 2005 Cranet Survey.



## V. Indicators of Provisions for Employment Security & Predictabilities

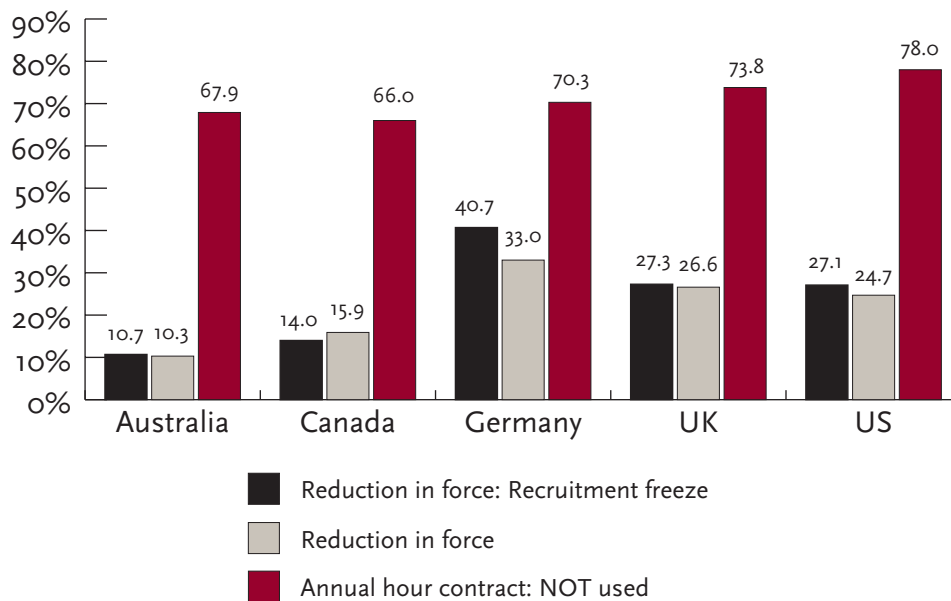
- *Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*

- In November 2008, 20% employers had made redundancies (lay-offs) over the past year. Of these, 70% were due to restructuring, 60% to reduce costs and 28% due to falling sales.<sup>11</sup>
- 43% of employers had a redundancy strategy in place in 2008, with 74% of those offering counselling, support or advice to those who had been made redundant.<sup>11</sup>

- ➡ As indicated by figure 5, when compared to Australia, Canada and Germany, employers in the U.K. are more likely to report that they do not use annual hours contracts (which can increase the unpredictability of work). They are slightly less likely than employers in the U.S. not to use annual hours contracts. Compared to employers in Australia, Canada, Germany and the U.S, a moderate percentage of employers report the use of recruitment freezes and internal transfers during periods of reduction in force.



Figure 5: Indicators of employment predictability by country



Source: Parry & McNamara, 2008 from the 2005 Cranet survey

## VI. Indicators of Workplace Flexibility

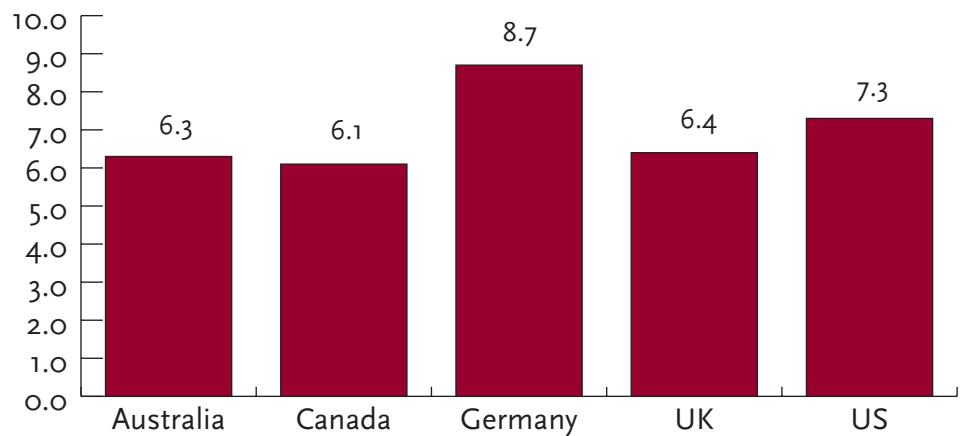
► *Options, choice, and control over work conditions and hours are available.*



- In 2005, a range of flexible working arrangements were available within UK organisations. Most commonly offered by UK employers was part-time working (86%), followed by job-share (63%), flexitime (55%), working from home (55%) and compressed hours (47%).<sup>12</sup>
- 38% employers in 2005 offered more than the minimum right to request flexible working dictated by law in the United Kingdom.<sup>12</sup>

➡ We compared estimated use of four kinds of flexibility (job sharing, teleworking, flexitime and compressed working week) at U.K. workplaces with estimated use in Australia, Canada, Germany and the U.S. As suggested in figure 6, workplaces in the U.K. appear to have a moderate proportion of their workforce using flexible work options.

Figure 6: Index of estimated use of flexible work options at the workplace by countries.



Source: Parry & McNamara, 2008 from the 2005 Cranet survey

## VII. Indicators of Culture of Respect, Inclusion & Equity

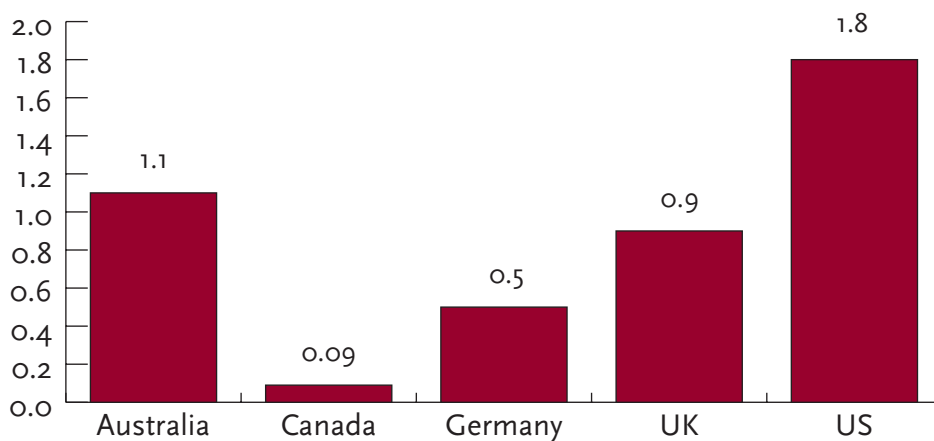
► *Diversity, inclusion, and employee personal growth are valued.*

- In 2006, diversity policies within U.K. organizations most commonly included disability (60%), ethnicity or race (58%), gender (58%), religion (56%), sexual orientation (56%), nationality (48%) and age (46%). It should be noted that this data was collected before the introduction of the legislation on age discrimination in October 2006.<sup>13</sup>
- 66% of U.K. employers in 2006 diversity awareness training for employees and 54% provided diversity training for managers.<sup>13</sup>
- In 2006, 53% of U.K. organisations had diversity as part of their mission, and 45% included diversity-related goals as part of managers' performance assessments.<sup>13</sup>



- ☞ We compared the availability of four types of programs (programs for minority ethnic groups, older workers 50 years and over, people with disabilities, women) in the U.K. with the availability of such programs in Australia, Canada, Germany and the U.S. Figure 7 shows that a higher proportion of employers in the U.K. have adopted these programs compared with Canada and Germany but a lower proportion of employers have adopted programs compared to Australia and the U.S. This may be due to the nature of employment law in these countries as both Australia and the U.S. had more developed anti-discrimination legislation at the time that the above data was collected.

Figure 7: Mean number of programs for targeted employee population groups by country.



Source: Parry & McNamara, 2008 from the 2005 Cranet survey

## VIII. Indicators of Promotion of Constructive Relationships at Work

- *Interactions with supervisors and coworkers are professional and respectful.*

Due to data limitations, indicators of promotion of constructive relationships at work are not discussed in this paper.



## **SUMMARY: MINDING THE GAP**

How do employers in the U.K. compare with regard to the policies and practices related to the quality of employment that they offer their employees?

Workplaces in the United Kingdom are more likely to report that they have a greater number of learning and development opportunities than those in Australia, Canada, Germany and the U.S. They were also more likely to use performance assessments to assess training and development needs and to organize work. In addition UK employers were more likely to not to use annual hours contracts.

U.K. employers demonstrated moderate use of pay options (employee share schemes, profit share and stock options) for employees, but relatively low availability of pay variations (pay based on individual, team and organization-wide performance) compared to Australia, Canada, Germany and the U.S. Organizations in the United Kingdom also reported that a moderate proportion of their workforce used flexible working options compared to the other countries. With regard to diversity, U.K. employers reported low availability of diversity programs compared to the U.S. and Australia, but high availability compared to Germany and Canada.

## **CONCLUSION: CLOSING THE GAP**

Employers in the United Kingdom can use the information contained in this report to:

- Get ideas about possible HR innovations that have emerged in other countries.
- Compare the availability of specific policies and programs at their own worksites with policies and programs that are indicators of being employers-of-choice in the United Kingdom.

## ABOUT THE INSTITUTE

Established in 2007 by the Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- ▶ a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- ▶ informed decision making by employers who want to be employers-of-choice in different countries; and
- ▶ innovative thinking about private-public partnerships that promote sustainable, quality employment.

Apart from the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series highlighting workforce demographic trends in different countries as well as a Global Policy Series focusing on selected workforce policy in certain country contexts.

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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

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Emma is the author of numerous publications and conference papers in the field of HRM, many of which focus on managing an aging workforce and international comparative HRM. She is currently managing Cranet, an international network of over 40 business schools worldwide that regularly conducts a comparative survey of HRM policies and practices.

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