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Research Summary

Unlocking Engagement:
A Review of the 'Innovative Workplaces' Initiative

Report prepared by

Lynette Harris, Alan Tuckman, Derek Watling and Bernadette Downes

Nottingham Business School
Nottingham Trent University

March 2011

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Developing Organisations for the Future

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Foreword from Ed Sweeney, Acas Chair

Throughout the recent recession Acas has operated more than ever as an enabler to economic growth. Part of this role has been to provide a variety of tailored support for organisations; to help them introduce new forms of work organisation and improve employment relations – and in so doing to bring about increased competitiveness and productivity.

The Innovative Workplaces Project fits within such a 'business support' model in that it offered a range of in-depth support to ten diverse organisations in the East Midlands. Funded by the East Midland Development Agency (*emda*) and run in partnership with the UK Work Organisation Network (UKWON), Acas has successfully delivered an innovative workplace support project which, as this report sets out, has delivered many benefits. At an overall level, there was a positive ratio of benefits to costs for the economy. At a micro level, the benefits for participating workplaces included improved communication, innovation in work organisation, better management and leadership and increased staff engagement.

The findings of the project support the view of David MacLeod and Nita Clarke in their review of employee engagement[1] - that organisations which fully engage with their employees benefit greatly through better innovation, productivity and performance. However employee engagement was only part of the Innovative Workplaces story. A key strength of this project has been its practical and tailored approach to helping organisations tackle challenging workplace problems.

The Innovative Workplaces Project was conceived in a positive economic climate but by the start of the initiative, the economy had entered a recession. Undertaking such an innovative project during a financial crisis might not on the face of it seem well-timed – but these are in fact the very times when organisations can benefit most from such business support projects. The IWP project design – with its combination of leadership and management training, in-company support and networking across organisations – was a pilot. Its results tell us that the more organisations which Acas can help through similar projects in the future, the more robust those organisations will be to survive future economic turbulence.

This report provides a valuable resource for future reference. It maps both the structure and outcomes of the Innovative Workplaces Project; and provides a unique insight into the factors contributing to workplace change from the perspective of multiple stakeholders. On behalf of Acas I wish to thank colleagues from the Nottingham Trent University for their work in evaluating the project.

Ed. Sweeney

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[1] Macleod, D. and Clarke, N. (2009) *'Enhancing performance through employee engagement'*

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SUMMARY

A review of the Acas led business development initiative, 'Innovative workplaces - Developing organisations for the future'

The overall purpose of the Innovative Workplaces project (IWP), the subject of this evaluation report, was to offer 'in depth' support to some ten diverse organisations in the East Midlands region who were seeking to change workplace practices and increase employee engagement as a means of improving organisational performance. This project, funded by the East Midlands Development Agency (*emda*) in 2009/10, was managed and delivered by Acas in East Midlands. The United Kingdom Work Organisation Network (UKWON) was the delivery partner on the project and the Nottingham Trent University Business School (NTU) was responsible for its evaluation.

The IWP approach

The IWP was innovative in a number of respects. It set out to:

- stimulate organisational change,
- be workplace focused,
- provide customised organisational support,
- develop management and leadership skills through a practical, rather than a theoretical approach,
- provide an integrated evaluation of the impact of this pilot initiative.

The IWP offered direct support to two nominated representatives (referred to as gatekeepers) from each of the ten participating organisations through a combination of different organisational support interventions provided from June 2009 to May 2010, although some of these were extended to September 2010.

The gatekeepers were the focal point of the project, not least because management and leadership was a priority for *emda*. The underpinning rationale was that a handful of key individuals could successfully be the catalyst for sustainable organisational change. The gatekeepers were therefore nominated and selected for their ability to get things done rather than simply their formal job role.

The IWP began with the gatekeepers undertaking a three and half day course, spread over three months, to develop their management and leadership skills, devise their action plans and begin to establish the interactions necessary for successful action learning.

An Acas facilitator (and a back up facilitator) was linked to each organisation and they helped the gatekeepers draw up their action plans. They also provided customised practical support for bringing these action plans to life back in the participants' workplaces. Additional support was provided where there was an identified need, for example through Acas training.

Full day monthly participant network meetings facilitated by UKWON incorporated action learning sets in which the participants were invited to both support and challenge one another when devising and implementing their action plans.

The action plans were pivotal as they informed the projects within each organisation and provided the basis for evaluating the IWP's impact. The gatekeepers presented their plans to their fellow gatekeepers in action learning sets on the morning of 23rd September 2009. That afternoon the project was formally launched at an event featuring national and local business figures able to pass on the benefit of their experiences of change through engagement.

The organisational benefits subsequently achieved proved to be considerably wider than the scope of the initial action plans for many of the participating organisations.

Changes and Benefits

All the participating organisations reported that the IWP had led, not only to the achievement of some of the workplace changes sought in their initial plans, but also to improvements in the wider employee relations climate. For the majority what they had sought from participating in the IWP was achieved to a large extent and a range of different, but frequently related, organisational issues had been addressed; these included improving levels of employee engagement, morale, communications between management and employees or staff in different functional areas, workforce flexibility and the implementation of change.

Respondents from the smaller organisations were more positive and more likely to have a shared view within the organisation about the outcomes of the IWP and its business benefits. In the SME business context the impact of what had been achieved was, arguably, easier to identify and more visible to the workforce. In contrast, the two public sector organisations appeared to experience the most difficulty in clarifying the aims and scope of their action plans at the outset, partly due to the presence of other related, and potentially overlapping, organisational initiatives being underway at the same time as the IWP (for example, a leadership development programme).

The following summary identifies the reported key outcomes of the project for the eight organisations that completed the IWP and the participant's perceptions of its contribution in terms of achieving the changes they were seeking. The UK was in recession for almost all of the IWP; an economic context that had a bearing both on continuing participation and the progress of individual organisational projects.

Communication and Engagement

Improved communication was identified by respondents from all the participating organisations as the 'single most important change' resulting from the IWP by December 2010. This was the view of the managers, employee representatives and the gatekeepers who took part in the project's final evaluation. In six of the organisations improved communication was identified as leading directly to increased levels of employee engagement. In each organisation, improvements in communication and employee engagement stemmed from the adoption of

mechanisms for capturing direct inputs from the workforce and listening to employees' views. Mechanisms for improving employee voice ranged from the establishment of a workplace employee forum, to a steering group with employee representatives with reporting task groups and/or employee focus groups facilitated by Acas.

The IWP had resulted in seven out of eight organisations putting in place mechanisms to promote and capture new ideas. The smaller businesses found it rather easier to provide instances where ideas from the workforce had been proposed, explored and implemented. At five organisations, where Acas facilitated focus groups had taken place, respondents reported that these had resulted in increased levels of employee engagement and a greater willingness to contribute ideas. There was a more mixed message from some other respondents who identified that, whilst the IWP had encouraged the sharing of ideas, they had concerns about longer term levels of organisational interest and engagement with the ideas put forward by employees.

The organisational benefits associated with improved communication varied depending on the issues facing each organisation. For example, participation in the IWP had enabled one organisation to return to levels of productive, informal communication that had characterised the business prior to its expansion and move to a larger premises. At another participation had led to the achievement of one of its main aims in joining the project; a 10 percentage point improvement in the employee engagement score in its annual company employee survey.

Managers in half of the participating organisations reported that one outcome of their involvement in the IWP was that issues formerly referred directly to them were now being resolved at a lower level in the management chain or by employees themselves. This was identified by respondents as saving management time with consequent improvements in efficiency and productivity. These benefits were particularly identified by participants in the smaller businesses and were seen to be the result of increased employee involvement. For example, one SME manager, who was a gatekeeper on the programme, reported a 75 per cent reduction in the time he personally spent addressing workplace disciplinary and grievance issues.

HR policies and procedures

Seven of the eight organisations reported the implementation of at least one new or improved human resource policy or procedure and all had plans for future improvements following their participation in the IWP. The most widely reported were improvements to processes for informing and consulting with employees and absence management.

Workplace climate

Identifying those factors which contribute to improved morale is complex. Notwithstanding, the majority of respondents identified that workplace morale had improved following participation in the IWP but it was not always possible to identify whether or not this improvement could be attributed directly to the impact of the project. There were also a number of organisations where events had or were taking place, frequently due to the economic climate, which were felt

to be impacting negatively on workforce morale; these included a pay freeze and redundancies.

Management and Leadership Skills

In terms of improving management and leadership skills, the final evaluation revealed that the majority of respondents felt this had happened either partly or to a large extent as a result of their organisation's participation. The benefits associated with improvements in management included improved trust levels between employees and management. This was reported by the majority of respondents across all the organisations evaluated although this was not necessarily a shared view across all the respondents from the same organisation. The reasons for this varied; for example, at one organisation the level of management and leadership skills had not been identified as an issue to be addressed and, at another, a dispute over pay had led to internal differences between management and employees.

Asked whether they could have obtained the support provided by the IWP from another source, respondents in managerial roles felt this might have been the case. However, the survey data revealed that it was highly unlikely that such support would have been taken up with the participants in the smaller businesses most consistently reporting that this would not have happened and that the reported changes would not have occurred without the IWP. Most significantly, the IWP was held to have acted as the catalyst for organisational change by the vast majority of respondents; a view shared by both the delivery partners and the Acas facilitators.

Economic Impact

The economic impact assessment of the IWP reported an overall minimum return on investment of £4 for every £1 of public sector expenditure and a measurable positive economic impact of approximately £906,000 attributable to the IWP's expenditure. Participating organisations attributed proportions of improvements in staff productivity and present and future employment growth directly to the IWP. The economic impacts quoted can be thought of as cautious estimates, due to the fact that it was not possible to fully measure all benefits – such as participating organisations reporting that their difficulties (often related to the recession) would have been considerably greater without the organisation's involvement in the IWP, but being unable to quantify such impacts.

Evaluating the IWP Methodology

As described, there were a number of components to the IWP approach. Whilst the impact of the IWP overall stemmed from the 'sum of its parts', the customised facilitation process was regarded as particularly useful in terms of its contribution to the final outcomes; indeed the majority reported that they would have liked continued support from an Acas facilitator. The evaluation revealed that the facilitation process was increasingly valued as time progressed when it became more apparent what it had actually contributed. This may explain why a number of participants said that they wished they had made more use of their facilitator before the facilitation process ended and that they would have done so

if they had realised earlier what this could offer. From the perspective of the facilitators themselves, it was unanimously identified that having terms of reference agreed with senior management in place at the outset would have enabled more rapid progress against the action plans and reduced the time they personally spent in developing an understanding of what some of the workplace projects were aiming to achieve.

A feature of the IWP was that it had intentionally included a diverse range of organisations. From the perspective of the participants this diversity had the advantage of offering new perspectives. The network events and action learning sets facilitated by UKWON were particularly valued as an opportunity to share experiences and their individual project's progress but gatekeepers also reported that learning about the practices adopted by other participating organisations tended to have limited relevance to their own situations because of the differing nature of their businesses or sectors. One suggestion from gatekeepers at a couple of the participating organisations was that having access to a mentor from a similar industry or sector would be a valuable addition to the interventions offered by the project.

The initiative achieved changes in a relatively short period of time, particularly in terms of improving employee engagement through enhanced communication in many of the participating organisations. The evaluation findings suggest that this is most likely due to the mix of interventions that were offered which could be adapted to suit the needs of individual organisations and their representatives. This approach worked particularly well where there was a gatekeeper representing the organisation who had the ability and sufficient influence in their workplace to progress their project, particularly when there were obstacles to be dealt with.

The programme was designed to be sufficiently flexible to accommodate the needs of the different organisations, their emergent action plans and the development needs of their gatekeepers. This meant that its interventions were loosely structured but some gatekeepers reported that they would have welcomed more delivered inputs which provided specific information that they could take back to their organisation, for example, the presentations provided by the speakers at the highly successful IWP launch event on employee engagement.

Perceptions of the value of each element of the programme varied for each organisation and the individual gatekeepers depending on what they were seeking. The need to accommodate this diversity was recognised by UKWON and had informed the design of the elements they provided. Their aim was to '*ground pre-existing knowledge in the task at hand'* for gatekeepers with prior knowledge and experience *and 'to provide sufficient actionable knowledge on employee involvement and participation'* for those with less knowledge and experience. The evidence from the evaluation is that this was largely achieved. But the overall message from the IWP is that it was essentially the combination of the different elements that led to the final outcomes for both the participating organisations and the gatekeepers. In practice, the participants took what they needed at different times from the IWP.

Levels of support for the IWP

Senior management of the organisations signed the application forms for IWP to register their support for the project but it was always intended that the organisation gatekeepers and Acas facilitators would have to work together to build support for the project within the organisations, including from senior management. Levels of support for the IWP from senior management, and from some employees where there was identified low morale, emerged as a particular concern for over half the nominated gatekeepers in the initial interviews. But, the final evaluation revealed a positive message about the actual levels of support for the project from senior managers, middle managers and employees. In four organisations it was reported that management support had grown as a result of the inputs from the Acas facilitation process and as the benefits stemming from the IWP became apparent. The degree of senior management support, and ensuring their early engagement, were identified as critical factors in progressing organisational projects and in achieving their aims, not only by the gatekeepers, but also by the delivery partners and the Acas facilitators in their final reflections on the IWP.

Sustainability

There was clear evidence in the final evaluation that respondents increasingly viewed the workplace achievements resulting from their involvement in the IWP as part of 'on going' programmes of change. However, a third of the organisations were concerned that, without the IWP, the momentum would not be sustained. This was particularly reported where there had been a loss of individuals who had championed the project due to staff turnover.

Looking to the Future

Asked about paying for a similar programme to the IWP in the future, only the larger organisations felt this might be a possibility but that this would depend on factors such as the economic climate, their ability to pay and (for the private sector companies) evidence that such an intervention would increase turnover. Despite identifying the most positive outcomes from the IWP, the smaller businesses reported that it was very unlikely that they would be able to pay for such a programme. Notwithstanding, all the participants identified that if they were to consider such a project in the future, it would be important to them that it was provided by Acas on the grounds of its reputation and impartiality.

Overall, the evidence from the evaluation reveals that the Innovative Workplace Project led to improvements in the participating organisations, predominantly in the areas of workplace communications, employee involvement and engagement as well as other dimensions of employee relations which impacted positively on their organisation. The outcomes of the IWP lend support to the key conclusion of MacLeod and Clarke's 2009 review of employee engagement for the Department of Business; that improving employee engagement can improve business performance. To varying degrees, the IWP also met its objective of developing leadership and management skills and was a vehicle for the identification of skills gaps in several organisations. Furthermore, the economic impact assessment analysis revealed that these changes, when aggregated,

generated a positive return for the organisations as a whole in difficult economic times.

A key message from the evaluation of the IWP is that similar future initiatives, customised to meet the needs of individual organisations, could offer valuable support to employers who are seeking to engage their work forces and work collaboratively in initiatives to improve efficiency and changes to working practices.

SECTION ONE – INTRODUCTION

1.1 The Project

The purpose of this report is to provide an independent evaluation of an Acas initiative 'Innovative Workplaces - Developing Organisations for the Future' (referred to hereafter as 'IWP') which took place during 2009 and 2010. The overall aim of the initiative was to offer in-depth support to a number of organisations in the East Midlands region who were seeking to change workplace practices and increase employee engagement as a means of improving organisational performance. The project was funded by the East Midlands Development Agency (*emda*), and managed by Acas in the East Midlands region. Acas also delivered the project programme in collaboration with the United Kingdom Work Organisation Network (UKWON), its appointed delivery partner. Additional strategic input was provided by the Acas National Research and Evaluation Section (RES) and Acas' Academic Adviser Professor John Purcell. The East Midlands Employment Relations Forum (ERF) steering group acted in an advisory capacity throughout the project.

Over a period of twelve months, the Innovative Workplace Project (IWP) provided a number of different interventions to ten participating organisations. The IWP began in April 2009 with the recruitment and selection of organisations seeking to participate. The core elements of the IWP were: an initial three and half day short course designed both to develop leadership and management skills and to build trust and dialogue between participants; monthly meetings of the participants; and facilitation by senior Acas advisers to provide customised workplace support. A key requirement of the initiative was that there should be an independent evaluation of its impact in terms of the experiences and outcomes for the participating organisations and an identification of lessons learnt for the purposes of wider dissemination. In this sense, the IWP was regarded as a pilot. Nottingham Trent University was commissioned to lead the evaluation. The independent research agency, Ecorys, was appointed towards the end of the IWP to undertake an analysis of the economic impact of the project which used, and complemented, the data collated by the Nottingham Trent evaluation[1].

The report sets out the key findings from the evaluation which culminated in final review interviews focusing on the outcomes for the participating organisations and individuals (designated as the 'gatekeepers'). These final interviews took place during November and December 2010, six months after the conclusion of the main elements of the IWP.

The report is divided into five sections. Section One outlines the IWP's aims and objectives, the design and rationale for the different elements of the delivered programme, the participating organisations and what they were hoping to gain from the IWP. Section Two details the evaluation process. Section Three reports on the outcomes for the participating organisations, the individual gatekeepers and their evaluation of the IWP programme. Section Four provides a summary of the economic impact of the IWP and Section Five identifies the main conclusions

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[1] A summary of the economic impact analysis is in section four, and the full Ecorys report is in Appendix D.

that can be drawn from the project in terms of its impact and any wider messages that can be drawn from its outcomes which could inform similar interventions in the future.

To avoid confusion in the report's terminology, the overall initiative is referred to as the project or the IWP whereas the delivered elements provided by the project are referred to as 'the programme'; 'individual projects' refers to those initiatives that took place within the participating organisations and their nominated representatives on the programme are described as the 'gatekeepers'. As this was the descriptor used throughout the life of project, it has the merit of being familiar to all those involved when it came to evaluation. Where 'respondents' are referred to in the report this includes all the individuals, including the gatekeepers, who were interviewed as part of the evaluation process in the participating organisations.

1.2 Project Aims and Objectives

The IWP's overall purpose was to enable a diverse 'pilot' group of organisations from across the East Midlands to increase profitability and competitiveness, as well as improving working lives, through the development of enhanced leadership competencies, new forms of work organisation and increased employee involvement and engagement.

The IWP builds on research evidence that employee involvement and participative forms of work organisation contribute to organisational performance and enhanced competitiveness (Purcell et al., 2003; Boxall and Purcell, 2007; Ashton and Sung, 2002). Existing research, reviewed by Sisson (2005) in a report for *emda*, indicates that the return on investment in skills development is not fully realised unless firms develop working practices based on job enrichment and employee initiative. Sisson argues that the term "workplace innovation", part of the project's rationale, is commonly used to describe the introduction of workplace practices that are new to the company itself and which have to be reinvented within each organisational context. It is this definition of workplace innovation that is reflected in the project's title.

The initial aims and objectives developed by Acas and emda for the IWP were to:
- Facilitate sustainable organisational change and improve business performance by focusing on the development of essential management and leadership skills, better work organisation and employee involvement and engagement;
- Capture a body of evidence by gathering the stories from each of the intended ten participating organisations, to provide a guide to effective organisational change drawn from practice;
- Share the lessons learned and the outcomes achieved in order to encourage other organisations both in the East Midlands and nationally to adopt similar interventions;
- Influence policy makers and stakeholders as to the importance of management and leadership skills development, work organisation and employee engagement for business productivity;
- Provide an example of how Acas, working in partnership, can improve business productivity and working lives in a sub-national economy.

1.3 The Context

The initiative was conceived of prior to the published findings of the *MacLeod Review on Employee Engagement* (MacLeod and Clarke, 2009). But MacLeod's findings together with the principles of the *Acas Model Workplace* (2005) and UKWON's international involvement in workplace innovation initiatives provided a backdrop for the IWP's design and the delivery of its different elements. By the time recruitment for the IWP began in 2009, the UK economy was in a recession which deepened during the life of the initiative; a factor which impacted to varying degrees on the participating organisations and the individuals selected as the gatekeepers on the IWP. For example, one company had to withdraw when it went into receivership; another went into receivership with a subsequent management buy out; at another, a gatekeeper was made redundant. This uncertain and challenging environment needs to be taken into account in any consideration of the initiative's final outcomes. It was encouraging that, despite the various pressures experienced by the participating organisations, there was a continuing commitment to their action plans and to their involvement in the project.

1.4 The Recruitment Process

In Spring 2009, the opportunity to participate in the IWP was widely advertised through *emda*, Acas and UKWON with a series of open access familiarisation sessions for organisations interested in learning more about the initiative. Following a process of application, a number of organisations from across the East Midlands region were invited by Acas to face-to-face discussions during May and June 2009. The Project Manager was variously joined by Acas and UKWON colleagues for the discussions which took place with a mix of senior managers, potential gatekeepers and HR professionals from organisations interested in participating. Organisations were asked in the discussions to set out their overall objective in seeking to join the IWP; why they felt it would benefit them; and to demonstrate their commitment to engaging and staying with the IWP from start to finish. The latter was an especially important criteria in determining which organisations would be invited to become involved. The outcome of these discussions was that eleven organisations were recruited to participate in the IWP. These represented considerable diversity in terms of their size, sector and geographical location across the region.

Two employees were nominated as gatekeepers by each organisation to attend the programme and act as the catalyst in taking their plans for action forward with the support provided by Acas and UKWON as the delivery partners. The suggested criteria for selecting the gatekeepers were that they should be proactive individuals who 'would get things done'. One company decided to withdraw from the programme at the beginning of the initial short management and leadership course. The ten remaining organisations, the size of the workforce at the workplace involved in the IWP and what they were seeking from their participation are described briefly below. Further details of those organisations that completed the IWP can be found in the short case studies in Appendix A.

1.5 The Participating Organisations

***Brush Electrical Machines Ltd* (BEM)**, a manufacturer of generators for steam and gas turbines based in Loughborough, Leicestershire with 800 employees at the start of the project. Following a recent change of ownership, the company's aim in participating in the IWP was to improve morale, trust and employee engagement. It was hoped that its participation would assist BEM to become a more innovative work organisation and reduce resistance to change. At the time of joining the IWP, the company's particular concerns were that, whilst the workforce was highly skilled, there was a need to develop a less functional, more process driven perspective among the workforce to take the organisation forward. The nominated gatekeepers were a Business Analyst and a Senior Unite Trade Union representative. Participation in the IWP was first suggested by a full time Unite Official and was the only instance where a gatekeeper was also a workplace trade union representative.

Caterpillar Logistics, a wholly owned subsidiary of Caterpillar Inc. providing third party warehousing and distribution and other services. At the start of the project it had 87 employees at its Hinckley site where the project took place. The Hinckley operation resulted from a takeover of a Caterpillar customer. The Company's key aim for the project was to specifically improve upon the level of employee engagement, reported as 62% in its 2008 employee survey, to a target of 72% or more through improvements to employee participation and cooperation at all levels. At the time of applying for the IWP, issues of communications at the site had been identified as being aggravated by the presence of different cultures at the Hinckley site resulting from the takeover. Several changes in employer were identified as contributing to a high degree of workforce scepticism with regard to change, new ideas and initiatives. The nominated gatekeepers were the Logistics Centre Manager and an HR Manager who also had responsibilities across three other Caterpillar sites.

***Donington Park Leisure* (DPL)**, an events management company known for its race circuit events for motor sports and 'would be home' of the British Formula One Grand Prix with 33 employees based in Castle Donington, Derbyshire. Its rationale for participating in the IWP was to support its aim of being at the forefront of customer service through an investment in staff and ultimately to be 'Investors in People' accredited. The company was particularly seeking to enhance customer service through improvements to employee engagement and internal communications. Its nominated gatekeepers were the Sales Manager and the HR Manager. Unfortunately DPL had to leave the project as it went into administration in November 2009 following its unsuccessful bid to host the 2010 British Formula One Grand Prix.

Liquid Control, a builder and supplier of standard and custom built machines for processing (metering, mixing and dispensing) single and multi-component liquids/pastes based in Northamptonshire with a workforce of 20 employees. At the time of applying to join the IWP, the company was looking at ways to improve the way the business was managed. It had identified that productivity and efficiency gains were needed to sustain the business and the IWP was seen as a means of increasing workforce productivity and efficiency through greater employee engagement. The nominated gatekeepers were the Engineering Manager and the Service Manager.

MAHLE Powertrain, an engineering and consultancy firm developing technologies and products for reducing fuel consumption which also offers traditional engineering services for the automotive and engine industry. With 300 employees at its operations in Northampton where their project took place, Mahle's aim in participating in the IWP was to retain skilled staff in difficult economic times through increased empowerment and employee voice and to improve morale, trust and a sense of recognition among the workforce. Mahle intended to establish a cross functional employee forum to improve two way communications. Progress with their project was delayed due to short time working and redundancies at the site as a result of the impact of the recession on the business. The nominated gatekeeper was a Senior Principal Analysis Engineer; there were initially two gatekeepers but one of the gatekeepers left the IWP not long after it began due to redundancy. Concerns about commercial and organisational sensitivities resulted in an executive decision by the company in April 2010 that they would not continue to participate in the IWP. Notwithstanding, their project continued internally and the organisation made a contribution to the final evaluation of the IWP.

NHS East Midlands, the strategic health authority (SHA) for the region providing leadership of the NHS to ensure that health systems operate effectively and efficiently for a population of 4.5 million spread across Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire and Rutland. Established in July 2006 with a role to relay and explain national policy, set direction and support and develop all NHS Trust bodies, its workforce of 350 employees are mainly based at the SHA's Headquarters in Sandiacre, Nottinghamshire where the project took place. The SHA's initial aim in participating in the IWP was to maximise the benefits of electronic staff records (ESR) by transferring ownership to individuals and providing high quality information for employees and line managers. The intention was that, if this led to a greater staff utilisation of the SHA's Oracle Learning Manager (OLM), it would support the implementation of the organisation's Talent Management Framework and NHS East Midlands' commitment to "grow its own" leaders and managers for the future. It was identified at an early stage in the project that communication was a key issue and this became the critical focus. The nominated gatekeepers for the IWP were a Business Manager in Public Health (who left during the IWP for a period of maternity leave) and the Workstream Leader (Planning and Projects) in the Information Management and Technology Department.

Northampton College, a provider of Further and Higher Education to around 12,000 learners split over four sites in Northampton which employs some 1,000 employees. The project took place across all four sites. The College's specific aim in participating in the IWP was to attain an improved Ofsted grade by 2013. They saw the IWP as providing an opportunity to achieve the internal culture change identified as necessary to improve the 2009 ranking of *Satisfactory*. There were challenges facing the College in terms of its student success rates, developing management and leadership capability with little history of centralised strategy and corporate coherence leading to long established local practices. In addition, the college had a number of recognised trade unions resulting in a range of consultative processes. An additional challenge for the college, at the time of joining the IWP, was that it was in the early stages of demolishing and rebuilding its main campus without relocating its operations. The nominated gatekeepers were the Manager for Professional Development and a Management Lecturer/Team Co-ordinator.

Pendragon Contract Hire and Fleet Solutions is the commercial and contracts leasing division of an automotive retail network for new and used vehicles also trading as Stratstone, Evans Halshaw and Chatfields. This part of the business, located in Derby, employed 98 staff at the start of the IWP. Due to the economic climate and its impact on the industry, there had been a series of restructures and redundancies within the company which had led to feelings of uncertainty in terms of job security and a resultant loss of employee engagement which impacted on overall business outcomes. The company's aim in participating in the IWP was to improve employee engagement primarily through the establishment of a consultative forum to gain the views of the workforce. Having completed its first employee survey shortly before applying to join the IWP, it was seeking to increase the 50% response rate and the level of positive responses. The IWP was seen as a means of improving employee relations and moving the business forward by developing better people management. The two gatekeepers nominated for the IWP were the Customer Services Director and the HR Manager.

The Health Store, a customer owned cooperative health food wholesaler and distribution centre for its members, with a production unit producing own label dried goods based in Nottinghamshire which employs 102 employees. The company's aim in participating in the IWP was to gain a forward thinking and trained workforce able to contribute to the future of the business through improved employee engagement and improved communications between management and employees. At the time the company joined the IWP it had identified that morale had dropped since moving, in 2007, to its new, purpose-built premises, and was seeking to improve this as a result of improved communications between management and employees. The nominated gatekeepers were the Operations Director and the Warehouse Manager. One of the gatekeepers ceased his formal participation in the programme at the time of the initial short course but remained very involved in the internal project within the workplace.

Thorpe Kilworth, a designer, manufacturer and installer of furniture for education, laboratory and health care establishments with 99 employees based in Corby, Northamptonshire. At the time of joining the IWP, the company had identified the need to be more responsive to changes in the market and the needs of its clients. Its aim was to use their project as the means of addressing these issues through increased workforce versatility and flexibility enabling them to move individuals from one process to another in order to meet fluctuations in demand. The aim was to improve the company's competitive edge by maintaining quality but reducing waste and inefficiencies. One particular focus was to improve employee engagement in a workforce viewed as loyal and responsive but with concerns about changing long established ways of working. Improving two way communications so that the workforce understood and were committed to changes in the business was seen as a key factor in increasing employee engagement. The nominated gatekeepers for the IWP were the Organisational Development Manager and the Production Manager. Thorpe Kilworth went into administration in June 2010 but had completed the IWP and continued to be included in the evaluation process.

1.6 Programme Design and Delivery

The Programme Design

Acas and UKWON's stated principles for the design of the *Innovative Workplaces* project were as follows:

a) The effectiveness of support for companies individually (through facilitation or consultancy) is considerably enhanced by group-based learning and knowledge exchange combined with peer-review of change proposals and implementation processes.
b) Participative work organisation and employee involvement can lead to convergence between improved performance and improved quality of working life.
c) *Change Entrepreneurs* able to instigate dialogue, mobilise diverse actors and work between formal organisational structures can play a key role in securing effective and sustainable change. But to be effective in this role, individuals need to be able to see themselves as entrepreneurial and to receive high-level support even when they challenge established practice.

These design principles led to the ten participating organisations receiving three strands of support:

1. An initial short course of three and half days delivered over three months which was designed to enable participants to learn about good practice, develop their leadership skills, evaluate their own organisations with reference to the Acas Model Workplace and to formulate an action plan for change.
2. Six full day participant network meetings consisting of half-day thematic inputs and discussion on shared issues and problems and a half-day of action learning sets in which each organisation presented its progress, achievements, obstacles and dilemmas for peer review and discussion. There were two additional half day meetings of the action learning sets.
3. Acas facilitation for a period of up to eleven days where an Acas Senior Adviser gave practical in-company support and Acas advice and guidance. This was supplemented by Acas short courses and further inputs from UKWON where a particular need was identified.

The Acas Project Manager was responsible for the coordination of the different elements and monitoring progress in the participating organisations. The latter was undertaken through the Acas facilitators and UKWON, who between them were in regular contact with all the participants. Taking the above core objectives, and the design principles together, the different elements of the IWP were each designed to achieve a range of objectives, as set out below:

Build Commitment

Building and maintaining the commitment of the organisations' nominated participants was an important strand. At the outset the two gatekeepers from each organisation took part in the short, action-learning based programme. The course, designed and extensively piloted in a previous project by UKWON, was delivered over a period of weeks by New College, Nottingham and provided optional Institute of Leadership and Management accreditation for the

participants. Each organisation devised and refined its action plan during this stage of the programme. Plans were then presented by each gatekeeper and subjected to scrutiny by their peers during the final half day of the course on the morning of 23rd September 2009.

During the afternoon of 23rd September, the IWP was publically launched with an inception event. A range of guests from the participant organisations, including some senior managers and employee representatives as well as the gatekeepers, the project managers and delivery partners and the Acas facilitators attended the event. The key speakers for the event included David MacLeod, co-author of the *MacLeod Review on Employee Engagement* (MacLeod and Clarke, 2009), Warren Glover of Lindum Construction (an East Midlands employer from the Times Top 100) and John Purcell (Strategic Adviser to Acas with a specialism in the link between employee involvement and organisational performance). The event, as well as providing an opportunity to publicise the initiative, was also designed to provide further stimulus to the project participants in preparation for their return to their workplaces to implement their action plans. An end of project dissemination event took place on 20 October 2010; this was an interactive symposium on employee engagement with guest speakers and inputs from the gatekeepers about the IWP's impact on their organisations and their own development.

Facilitate Change

Identifying and facilitating change, as fitted the individual organisations' priorities, were core objectives. In their role as facilitators the Acas Senior Advisers provided practical in-company advice and guidance in accordance with the Facilitator's Brief. In all cases this began with initial meetings to explore and discuss the action plans. The Advisers used their skills and experience to facilitate the process of turning ideas and aspirations into practical strategies. This facilitation role was core to the relationship between the Senior Advisers and the organisations. In many cases the initial advice was followed by diagnostic workshops and focus groups, facilitated by the Senior Adviser. These provided powerful information and gave a sound basis for the direction which the individual projects then took. As well as initial advice and workshops, Acas also gave advice on setting up consultative forums, on staff surveys, and on wider policy development. The contact with the Acas Adviser provided a central core of support which was supplemented by additional Acas training (see Appendix B).

As supplements to the core programme, UKWON provided additional guidance to Northampton College, at a point where greater clarity was needed, and on work organisation to Thorpe Kilworth. Acas made its open access training courses available to all the organisations. They were developed and provided in consultation with the participant organisations. Details of this provision and attendance are provided in Appendix B.

In some cases the Acas Senior Adviser provided specific in-company bespoke training to support individual projects. Pendragon received training on 'Essential Skills for Supervisors' and 'Training for Workplace Representatives' and Caterpillar and The Health Store each received bespoke training for their new employee representatives.

Provide Peer Learning and Review

Gatekeepers took part in monthly network meetings designed to provide a greater depth of understanding in relation to specific aspects of work organisation and employee involvement. The network meetings aimed to facilitate the exchange of knowledge and experience between participants. The content of these meetings was, as far as possible, responsive to needs expressed in the action learning sets and issues raised by the Senior Acas Advisers. UKWON organised and facilitated the network meetings which were also attended by the Acas Project Manager.

In the afternoons, following the network meetings, action learning sets facilitated by UKWON enabled participants to reflect on progress and refine their action plans based on the exchange of ideas between gatekeepers and peer review. The programme structure provided a framework within which the gatekeepers could reflect on the strengths and weaknesses of existing practices in their organisations, learn from and crucially challenge each other, test ideas and proposals in a safe and supportive environment, and share both problems and achievements as their work progressed.

Evaluate the Project

Evaluation was a key element of the IWP and it was a requirement of the *emda* funding that there was an evaluation of the IWP's outcomes. In practice, evaluation processes were woven into all aspects of the delivery, diagnostic and learning processes with a view to identifying:

a) the impact of the IWP (including its economic impact) from multiple perspectives within the organisation, to include specific benefits to participants and their organisations and unforeseen outcomes;
b) the effectiveness of the development interventions; for example, the workplace facilitation and the network forums from the perspective of the participants;
c) information for dissemination about an innovative project based on partnership working, particularly about any 'lessons learnt' for future interventions, for organisations, delivery partners and other regions considering similar projects.

Disseminate the Lessons Learnt

There was a focus throughout the IWP to capture both its outcomes and experiences of the participants to:

- enable other organisations in the East Midlands and nationally to follow suit;
- publicise the approach and achievements of the individual organisational projects to policy makers, strategists and stakeholders regionally and nationally;
- provide opportunity for the region, the organisations, participants and those involved in the delivery to share their experiences of an innovative project which champions a partnership approach.

- aside from a final written report, the main intended vehicles for the dissemination process were:
  - regionally the Acas Employment Relations Forums in the East Midlands, a themed local event;
  - internal Acas meetings, such as senior management team gatherings;
  - ad hoc meetings with policy makers, strategists and stakeholders;
  - short filmed summaries including a project overview from the managers and delivery partners, and short (3-4 minutes) filmed accounts of the work and impact of the IWP in some, if not all, of the participant organisations;
  - short case studies of the participating organisations;
  - the Acas website, particularly the East Midlands pages.

SECTION TWO – THE EVALUATION

2.1 The Evaluation Process

The evaluation element of the IWP was designed to reflect the different approaches to assessing learning value contribution based on Anderson's model (2007) of value and evaluation set out in Appendix C. There was a particular focus on evaluating

- the return on expectations in terms of the extent to which intended organisational outcomes were realised
- the economic impact/return on investment through a range of performance indicators
- the extent to which the wider aims of the intervention had been achieved,
- the efficiency and effectiveness of the learning and development process and activities.

A 'cornerstone' of the monitoring/evaluation approach was obtaining a 'pluralistic perspective' of each organisation's individual project and its outcomes. As a result interviews took place with a range of stakeholders at each participant organisation in addition to the nominated gatekeepers at the beginning of the project and six months after the programme had finished. These usually included a senior manager and/or line manager, an HR manager and an employee representative.

A multi-method research design was adopted to generate both qualitative and quantitative data in order to evaluate the IWP's overall impact against its four overall aims. This required an evaluation of a number of specific outcomes from different stakeholder perspectives with a particular focus on:

- the organisational changes from participating in the IWP, including any unforeseen outcomes;
- the development of the individual gatekeepers;
- the extent to which skills and knowledge had been transferred from the gatekeepers to others within the organisation;
- the extent of sharing learning and knowledge between the gatekeepers on the programme;
- the effectiveness of the different development interventions provided by the programme from the perspective of the participating gatekeepers;
- the lessons learnt from the IWP in terms of what worked well and less well to help for the purposes of wider dissemination;
- the cost/benefits to the participating organisations and a set of questions designed specifically to calculate the economic impact of the IWP.

The Evaluation Stages

The evaluation consisted of the following four stages.

Stage One
At the beginning of the programme, short postal questionnaires were completed by each participating organisation (in most instances by an HR Manager) to gain initial baseline data. Once the participating organisations had drawn up their

action plans, face-to-face interviews were conducted in October 2009 to identify different organisational stakeholders' expectations of the organisational benefits to be gained from involvement in the IWP, and their perspectives on the proposed changes in their organisation's action plan. This data formed the basis for the final evaluation of the IWP's overall impact. In addition face-to-face or telephone interviews were conducted with all the delivery partners to explore their expectations for and perspectives on the IWP and its objectives.

Stage Two
The analysis throughout the IWP of any feedback data on the delivered elements of the programme which included feedback forms from the initial short course, participant network meetings (which included the half day action learning sets) and any supplementary Acas short course attendance. It had been intended to also gain information about the learning of participants and how this was being shared and applied in the workplaces through the maintenance of learning logs while they were undertaking the IWP. In practice, these learning logs were not completed although a couple of gatekeepers had maintained a log of their personal learning.

Stage Three
Telephone interviews at the end of the facilitation process (in all but one organisation) with all the gatekeepers to obtain an evaluation of progress against their action plans and their experiences of the different elements of the IWP. These interviews took place in May 2010 and referred back to the participants' initial plans and expectations. In addition, telephone interviews were conducted with the Acas facilitator for each participant organisation. These interviews were supplemented by reflective summary reports provided by each member of the Acas facilitation team.

Stage Four
The final stage of the evaluation took place during the last three months of 2010, approximately six months after the programme delivery had finished. Questionnaires, completed by the participant organisations, revisited the areas addressed in the base line survey undertaken at Stage One and included a number of questions designed specifically to evaluate the economic impact of the organisations participating in the IWP at an organisation and economy-wide level. Final interviews were conducted in November/December 2010 with, wherever possible, the same individuals at each organisation interviewed at Stage One. End of project interviews were also conducted with the UKWON and Acas delivery partners which included the Acas Project Manager. The key purpose of the final evaluation stage was to identify the overall impact of the IWP for the participant organisations and the individual gatekeepers. The data collated was compared to the data provided at Stage One. The aim was to explore the extent of changes, achieved or ongoing, as a result of the IWP.

A key challenge for the evaluation process was that there had been other changes at a number of the participant organisations, including staffing, whilst undertaking the IWP. Acknowledging that many outcomes/impacts would be ongoing and realised in the future, the optimal time chosen to balance the reporting deadline, the availability of data and allowing sufficient time for change to take place was six months after the delivered elements of IWP had largely finished.

2.2 Outline Methodology and Data Sources

Various methods were adopted to measure the outcomes of the IWP. Using the range of instruments summarised in Table One, and supplementary sources of data generated by the IWP (for example the Acas Facilitators' reports) helped to secure more robust evidence for the analysis of organisational impact as well as provide opportunities for the triangulation of certain results. Qualitative and quantitative, baseline and post-project data drawn from questionnaires were inputted into a simple database for analysis. Interview data was transcribed and coded for scrutiny using Nvivo software for qualitative analysis.

Table One: Evaluation Sources and Schedule

Evaluation Research Instrument	Source	N	Date
Baseline Pre-project Questionnaire	One competed by each participating organisation	10	September 2009
Initial Interviews in Participant Organisations	Gatekeepers, Manager, HR Manager, Employee Representative at each participating organisation.	38	October 2009
Initial Interviews with Project Manager, Delivery Partners	Acas, UKWON, Course Tutor (New College) and *emda*	6	November 2009
Telephone Interviews with Gatekeepers at the end of project delivery.	Gatekeepers at each participating organisation	13	April/May 2010
Facilitator Telephone Interviews	Acas Senior Advisers acting as facilitators	5	June 2010
Final interviews with Project Manager and Delivery Partners	Acas and UKWON	4	September/ October 2010
Final Post-project Questionnaire	One completed by each participating organisation	8	November 2010
Final Interview Schedule	Gatekeepers, Manager, HR Manager, Employee Representative at each participating organisation where possible	29	October/ November 2010
Supplementary Data Sources: • Gatekeeper Feedback Questionnaires on ILM course • Gatekeeper Feedback Questionnaires on Participant Network and Action Learning Meetings • Evaluator Observation at Acas Facilitators' Meetings • Facilitators' End of Project Reports • Organisational Action Plans			

Table One also provides a summary of the sources of data that were used and when these were obtained. One major challenge for the evaluators was that during the period of the project there were organisational changes and events (for example redundancies, maternity leave or staff leaving) which impacted on those involved in the project in each organisation. The differences in the number of respondents in the initial interviews and those who took part in the final interviews is partly due to the reduction from ten to eight organisations but is also due to these changes in personnel. For example the 21 gatekeepers interviewed at Stage One of the evaluation had reduced to 13 by the final evaluation interviews. The research instruments can be requested by interested parties from Jonathan Cooper or Gill Dix in the Acas Research and Evaluation team.

2.3 Reflections on the Evaluation Process

In terms of reflections on the evaluation process, there were a number of learning points for future evaluations of similar projects.

- Earlier knowledge of the participating organisations and their individual action plans to develop the evaluation team's understanding of each organisation's context and issues. This would have been assisted by the evaluation team being present when the organisations presented their individual actions plans at the launch event and would have provided an early opportunity to gain 'the buy in' of the participating organisations and individuals into the evaluation process (Guba and Lincoln 1989).

- A comprehensive briefing on the rationale for and the nature of the evaluation strategy for all the nominated gatekeepers at the outset of the IWP would have assisted the evaluation process and helped to address any concerns of individual gatekeepers about its purpose.

- The research design was based on evaluating participants' learning logs and observing the action learning elements of the programme. This was not possible with the result that it was more difficult to report on the gatekeeper learning that took place and how this was applied during their participation in the IWP.

SECTION THREE – EVALUATION FINDINGS

3.1 Changes and Benefits

At the end of their initial short course, the participating companies presented their action plans at the IWP launch event in September 2009. Whilst these plans informed the projects within each organisation and provided the basis for evaluating the IWP's impact, the reality was that the organisational changes reported as a result of participation in the IWP were wider than those sought in the initial action plans. These changes are examined throughout this section and the key achievements reported by the respondents at each organisation in the final interviews and the post-project questionnaires, are summarised in Table Two below.

Table Two: Reported key organisational achievements as a result of IWP participation

Organisation	Initial Action Plan	Reported Achievements
Brush Electrical Machines Ltd (BEM)	• Improve two way communication • Enhance managerial awareness of the employee perspective • Improve employee awareness of management's perspective	• Establishment of a steering committee and focus groups • The introduction of a company newsletter to assist communications • Better equipped to meet the challenges of an increasingly difficult economic climate
Caterpillar Logistics	• Introduce measures to enhance employee engagement • Increase the employee engagement score in the company employee survey by 10 percentage points • Improve communication between different groups of staff	• Establishment of an employee forum • Improved communication between staff groups • Changes to the application of the absence policy • Employee engagement score improved by 10 percentage points
Liquid Control	• Develop workforce flexibility • Identify skills gaps and employ apprentices to fill the gaps left by employees due to retire • Obtain ISO 9001 by the end of 2010 • Undertake a Stress Questionnaire amongst employees	• Workforce skills analysis • Introduction of developmental appraisals for all employees • Workforce training which has increased flexibility • Recruitment of apprentice(s) • Implementation of an employee engagement survey • The introduction of quarterly company meetings • The introduction of weekly departmental meetings

Northampton College	• Initial action plan - to enhance Leadership and Management capability • Later action plan – to address issues of employee consultation, communication and involvement	Outcomes from the IWP are still evolving. It is reported that they are likely to be: • Enhanced employee involvement • Development of leadership skills among managers at all levels • The introduction of joint problem solving task groups
Pendragon	• Improve team member engagement • Encourage better team participation and departmental interaction • Improve customer Service	• The establishment of a employee forum • Introduction of team building events • Improved employee engagement • Improved team member (employee) communication throughout the division • Review and revision of 'housekeeping' policies and practices • Introduction of monthly team leader meetings • Re-introduction of a customer service survey
Strategic Health Authority (NHS East Midlands)	• Engage staff to maximise the use of the Electronic Staff Records System (ESR) • Transfer ownership of personal data to individuals • Enable managers to better maintain employee data • Reduce levels of data handling to enhance administrative efficiency	• Improved facility for 'employee voice' • Increased staff usage of the ESR • Increasing staff ownership of personal development • More accurate HR information • Improved reliability, productivity and efficiency in the handling of personal data
The Health Store	• Increase employee engagement • Improve two way communication • Establish an employee forum • Elect employee representatives • Encourage employee suggestions for innovation	• Elected and trained employee representatives • Establishment of a joint management and employee forum (production and warehouse areas) • Employee representatives attendance at monthly management meetings • Improved workplace communication and morale and employee engagement • Significant decrease in the number of disciplinary cases • Improved working practices as a result of employee suggestions

Thorpe Kilworth	• Improve the company's competitive edge • Improve manufacturing efficiency • Enhance employee engagement and communication • Facilitate challenge to long held beliefs and working practices	• The establishment of a cross-functional working party • The establishment of a staff consultative forum • The introduction of employee representative training • Enhanced problem solving capability • Re-organisation of the stores department • Introduction of elements of 'lean manufacturing' • Development of an employee engagement survey

Sources: Organisational Action Plans, initial interviews, final interviews and post-project questionnaires

Achievements of Action Plans

Identifying what the organisations were seeking to achieve from their IWP workplace projects was a focus of the initial interviews; the extent of progress against their action plans was explored in the end of programme telephone interviews with the gatekeepers and revisited in the final interviews. As a result, the extent to which the workplace action plans were achieved is taken as the starting point for identifying organisational changes and their benefits as a result of organisational participation in the IWP. In addition to the summary of key achievements provided in Table Two, further details of the issues, action plans and outcomes are provided in the short case studies of the participating organisation in Appendix A.

In practice, the initial action plans underwent subsequent development and modification with input from the allocated Acas facilitators. The reasons for these changes varied; in several instances the facilitation process revealed a need for greater clarity about what the organisation was seeking to achieve or it became evident that the scope of a project needed to be adjusted. At the final evaluation, gatekeepers and other respondents from the participating companies were asked to identify to what extent their organisations had achieved their action plans using the following ranking scale: a) Completely (100%), b) To a large extent (75%), c) Partially (50%) and d) To some extent (25%).

Across the organisations the majority of respondents (69 per cent) reported that their action plans had been achieved 'to a large extent'. Other than one gatekeeper at Thorpe Kilworth, no one identified that their action plans had been 'completely achieved.' One explanation for this is that the respondents regarded the interventions in their action plans as elements of a programme of continuous improvement. For example, whilst identifying very positive outcomes, Pendragon, The Health Store and Liquid Control all reported that they were seeking further improvements than originally envisaged in their action plans. The perception that the workplace projects were ongoing organisational initiatives to strengthen the business was more in evidence at the final evaluation stage than in the telephone interviews conducted with gatekeepers six months earlier. Using the same ranking scale, three gatekeepers had then reported their action plans as 'completely achieved', four 'to a large extent' and six as 'partially achieved'. The

shift towards a longer term view of the project as a programme of continuing improvement had taken place across all the organisations by December 2010.

The final evaluation revealed differences between the responses of the gatekeepers and other respondents who were more likely to report that an action plan's aims had been achieved 'partially' or 'to some extent'. Responses at The Health Store, Liquid Control and the SHA were both the most positive and consistent across interviewees from the same organisation. One likely explanation for the variation in responses between gatekeepers and other respondents is the gatekeepers' greater knowledge of the action plans and the final outcomes; another is that their generally more positive view of the final outcomes was shaped by their direct involvement in and engagement with the project.

The Most Important Organisational Change

Respondents in each organisation were asked to single out what they saw as the most important organisational change(s) in the final interviews. Table Three provides a summary of their responses.

Table Three: The most important reported organisational change as a result of the IWP

• **BEM** - improved communication as a result of the reintroduction of a newsletter with increased managerial awareness of the employee perspective as well as more employee awareness of business priorities (a view of improved communication not shared by the gatekeeper who had left the programme).
• **Caterpillar** - following the establishment of an employee forum, improved communications and closer working between the two distinct staff groups which had resulted from a merger in 2007, evidenced by improved employee engagement scores in the 2010 company employee survey.
• **Liquid Control** – greater workforce flexibility and utilisation of staff resources as a result of improved communication and a skills analysis undertaken by Acas which had led to better knowledge of individual job roles, closer working and targeted training for skills development.
• **Northampton College** - due to delays in identifying the key issues and facilitation continuing up to the final evaluation, outcomes arising from the IWP are still evolving. It is envisaged that the most important changes to be reported are likely to be enhanced employee involvement through improved communications assisted by the College's programme for developing leadership skills among college managers at all levels.
• **Pendragon** - following the establishment of an employee forum, improvements in communications at divisional level which are supported by improved results in the most recent employee engagement survey.
• **NHS East Midlands Strategic Health Authority -** improved communication arising from Acas facilitated focus groups which enabled the implementation and integration of an Electronic Staff Records (ESR) System; this had resulted in individuals beginning to take ownership of their own personal data which in turn has begun to facilitate a more efficient handling of individual data within directorates.
• **The Health Store –** the introduction of a joint management and staff forum and elected employee representatives was the catalyst for improved communications, levels of trust and employee engagement across the Production and Warehouse operations, evidenced by growing examples of employee proposals for improving working methods to increase productivity.
• **Thorpe Kilworth** - improved workplace communication due to establishing a cross functional working party and a staff consultative forum with employee representatives; one outcome of these improvements being a re-organisation of the stores which had been of benefit across the business.

Source: Final interviews with all respondents

At Mahle Powertrain the most important change reported as a result of their involvement was a recognition that to retain and develop the creativity and innovation of its workforce, communication needed to more effective as a means of improving employee voice, morale and recognition. This had resulted in the establishment of a steering group with task groups to address particular issues. Their project was ongoing internally but again was viewed as a continuous improvement process.

Communications and Engagement

All eight of the participating organisations reported improved communications arising from their participation in the IWP with six organisations identifying this as leading to improved levels of employee engagement. Improved workplace communications was the one change identified by all the participants in the final survey data and in the final interviews. As Table Three illustrates it was also reported as the most important organisational changes that had taken place as a consequence of the IWP. But the nature of the reported achievements in this area varied considerably across the participating organisations as a result of the different issues to be addressed, their size, sector and individual histories. A further influencing factor was the degree of business turbulence that was experienced during the life time of the project. For example, the anticipated improvements in employee engagement were adversely impacted upon in two organisations as a result of workplace redundancies and the participation of another was suspended for three months due to the impact of the recession on its business.

In several instances, a particular change in the organisation prior to the IWP had created problems in communication. For example, at Caterpillar a change in ownership in 2007 and a TUPE transfer of staff had led to different working cultures among its staff group; at The Health Store an expansion and relocation to a larger purpose built premises in 2007 had led to the loss of previous close working relationships, a situation described in the following terms by the gatekeeper:

"*We followed all the management practices that they tell you to follow and we got nothing except a big shed with a lot of miserable people in it who were doing just enough.*"

One benefit of improved levels of communication and employee engagement identified by a number of respondents in managerial roles was a reduction in the time they spent on matters that could be resolved without their direct involvement; these were now being addressed at a lower level as illustrated by the following responses:

"*There is definitely better communication in the business now. I just don't get all the tittle tattle and everything in my office any more. Things are being sorted outside of management really. Production is a really good example. They put plans together, they propose the plans and then actions are taken. That area has come on significantly…*" Senior Manager - BEM

"*Since the project got into its stride there have been six developments that have been gained from the employee engagement process which could well have been driven by a manager, supervisor or through Health and Safety. But they certainly*

wouldn't have occurred at the pace they have without the employees latching on to it and driving it themselves." Operations Director - Health Store

For others, improved communication was seen as reducing divisions and improving collaborative working between different parts of the organisation although such improvements were widely acknowledged to be work in progress, for example:

"I think the way we operate and communicate has probably got better. We work closer together rather than being segmented. … I don't think communication is great but we do work better across departments now." Manager - Liquid Control

"The key achievement would definitely be that we've managed to get some cross functional or cross department dialogue going on which was a massive issue for us in the first instance. We always struggle to get the likes of Finance and Customer Service to actually talk to one another. We are not 100% there, absolutely not, but I think they work slightly more closely together so that's been a massive achievement." Gatekeeper - Pendragon

Capturing New Ideas

Respondents were asked whether new mechanisms had been put in place to encourage, exchange and capture new ideas and new ways of doings things as a result of participating in the IWP and to identify what these were. Seven of the eight organisations identified that they had introduced some form of employee involvement arrangement, providing examples of where this had occurred as a result of the focus groups facilitated by Acas, or through an employee forum or a steering committee with task groups involving staff and management. In three organisations it was pointed out that there were existing processes for capturing employees' ideas, for example a suggestion card scheme at Caterpillar, a recognition scheme at Pendragon as well as a relaunched scheme called CANI (Constant and Never-ending Improvement), and a number of processes for improvement at the SHA which included a 'Sounding Board' and a forum called 'Connect' set up to capture any new ideas.

At The Health Store six examples were reported of instances where employees' proposals for operational improvements had been considered and implemented. Whilst some of these were broad in their scope, for example an employee's proposals was in progress for reorganising the warehouse, others could be regarded as small improvements. These included the disposal of waste material and revising purchase order documentation to make it more effective. However, their cumulative impact was reported as making a real difference to productivity. They also illustrated increasing levels of employee engagement with change processes and the ownership of the operations they were involved in. One employee representative elected as a result of the IWP explained how employees' ideas were being progressed in the following terms:

"They come to me if there are any issues or there is anything they want to put forward … then we have a meeting so I can put their ideas forward and we will sit and discuss which is the best route to go down."

It was pointed out that new ideas were also increasingly being communicated directly to managers as a result of the improved informal communications, a

dimension identified earlier and one which was seen as a key achievement of the IWP.

At Liquid Control it was reported that appraisals had begun to take place again (as a result of the IWP) which provided employees with the opportunity to put forward ideas about their jobs and that input from the workforce was now pro-actively sought in machine design and development, for example:

"We're encouraging the guys on the shop floor to come forward and have their input into how machines are designed and built in the first place - they know how things go together."

There was less clarity about the adoption of new ideas at Northampton College. Here respondents felt that it was too early to tell whether the consultative groups or the open forums that were taking place on different themes (for example, the new build) would lead to the adoption of ideas put forward by the workforce.

Where focus groups had taken place as a result of Acas facilitation, respondents at five organisations reported very positively on their impact in terms of encouraging individuals to put forward ideas and the extent of employee contribution. There was a more mixed message from four respondents at three of these organisations about maintaining longer term levels of interest and engagement with the ideas put forward by employees. The concern was that, whilst the IWP had created the 'buzz' reported by both gatekeepers and the Acas facilitators, its impact would not be sustained and there would be a return to the status quo which had prevailed prior to the project, described by one respondent as "*sticking an idea in a post box somewhere and nothing really ever happens.*"

Communication of Outcomes

As part of the exploration of workplace communication in the evaluation, all respondents were asked in the final interviews how the outcomes from their organisational projects had been communicated to the workforce. Whilst most organisations had indicated that they had introduced new or improved mechanisms for employee communication, when it came to the communication of the outcomes, the methods adopted prior to the IWP were generally utilised to communicate the outcomes, for example notice boards, e-mail and organisational intranets. The actual reported knowledge of project outcomes was patchy in three of the organisations among respondents other than the gatekeepers.

HR Policies and Procedures

In the final survey respondents were asked to report changes that had taken place or were planned, in HR policies or procedures as a result of participating in the IWP. These are examined in more detail in the economic assessment impact undertaken by Ecorys, and presented in Appendix D but the final questionnaire results are provided in Table Four.

Table Four: Changes or planned changes to HR Policies and Procedures

HR Policies and Procedures	Number of organisations reporting		
Types of HR policy/procedure	New Policy	Improved Policy	Planned Policy Review
Discipline	2	1	3
Grievance	1	1	3
Redundancy	0	1	1
Informing and Consulting Employees	1	4	1
Other (e.g. equality and absence management)	1	3	1

Source: Post - project questionnaires

Table Four reveals that at least one change in an HR policy or procedure was reported as having taken place by respondents at seven of the eight participating organisations.

The main reported changes were explored in more depth in the final evaluation interviews. These confirmed that the changes involved mostly new or improved processes for informing and consulting with employees or changes in approaches to managing absence. Some of the participant organisations were part of multi-site operations and were subject to policies and procedures determined at corporate level which meant that they could not make changes independently at site level, as this respondent from Pendragon pointed out:

"our company policies, they're set from above. So none of those are going to change because that would affect our handbook … and our handbooks are standard."

Issues stemming from standardised company policies and procedures were fundamental to the problems which had led to Caterpillar Logistics applying to participate in the IWP. As a result of its involvement in IWP, increased employee involvement and communication had led to a reinterpretation of a previously rigidly applied company sickness absence policy.

What was evident in the reported changes to HR processes was that where two way communications had improved through a range of mechanisms, specific problems and concerns could be identified and addressed as illustrated by the observation of this gatekeeper at The Health Store:

"There were things that we've brought in that probably (we) hadn't got round to before because we didn't know what was happening."

Similarly better communication had led to beneficial changes to certain procedures or practices at other organisations, for example, to the appraisal systems at Northampton College, the SHA and Mahle Powertrain. Whilst the interview data indicated that improvements in communication had allowed long running, yet suppressed, problems to be aired and resolved this was not

manifest, in all cases by formal changes to policies and procedures. In some instances it emerged in more informal ways.

Further evidence from the final evaluation interviews suggested that where a climate of greater openness resulted from an individual project, it had encouraged more organisational proactivity in addressing issues identified by employees. It should be noted, however, that due to the challenging economic climate and consequent wider changing organisational context, respondents sometimes found difficulties in identifying where there were changes in HR policies and procedures that could be directly attributable to the IWP as opposed to this wider changing organisational context.

Workplace Climate

At the outset and at the end of the IWP respondents were asked to describe workplace morale at their organisations on the following scale:

a) Very poor; b) Poor; c) Good d) Very good

By December 2010, six months after the project had finished, eighteen respondents (69 per cent) reported that workplace morale was either 'good' or 'very good'. Although the majority felt morale was good, only three respondents saw it as 'very good'. Perceptions of workplace morale had improved significantly since the initial interviews in Autumn 2009 when only five respondents had described workplace morale as 'good' and none described it as 'very good'.

Respondents were then asked to identify whether or not workplace morale had improved as a result of participation in the IWP. A number of respondents found this a difficult question to answer either because there were wider external factors impacting on the organisation (for example, uncertainty about the future of strategic health authorities in the light of the Government's review of NHS structures) or the presence of internal issues (such as a pay freeze or recent redundancies) which were felt to be having an adverse effect on morale.

Notwithstanding such factors, the majority of interviewees identified that the improvement in workplace morale was as a result of participation in the IWP; 58 per cent reported it had led to an improvement and 19 per cent that it had not, with the remaining 23 per cent feeling unable to answer the question due to other issues impacting on morale.

The most consistently positive perceptions of the impact of the IWP on morale came from the smaller businesses, reinforcing the earlier suggestion that the impact of the IWP was more immediately evident in these organisations. With the exception of a totally shared view among respondents at The Health Store and at Thorpe Kilworth that there had been an improvement, gatekeepers were generally the most positive in their view of the IWP's impact on morale, possibly again as a result of their closer knowledge of the outcomes and their personal commitment to the IWP.

Reflecting upon the impact that participation in the IWP had on morale within their workplaces, six respondents in managerial roles identified that morale would have been considerably worse without the IWP, a view illustrated by these managers' observations:

"I think if we hadn't been doing the talking, if we hadn't been doing these things then it would have been worse." BEM

"Taking into account that we're coming out of recession and the year preceding that everyone was thinking they were going to be made redundant its hard to quantify but it would all have been much more of a challenge without this project." Health Store

Asked to give examples to illustrate improvements in workplace morale, respondents tended to describe a more positive employee relations climate rather than providing specific instances to support their view. Gatekeepers found it easier to point to an internal change or action as a result of the IWP which had contributed to improved morale and all but three were able to do so, for example:

"*Probably the team events we have done, I think that boosts morale because there is something at the end of it. We've done various out of work team member events and social activities and done some internally. I think that has definitely had a knock on effect."* Pendragon

"*People are putting themselves out to sort of help the company you know and make better work practices … we get a lot of continuous improvements suggestions as well, a lot of ideas. We're meant to get three ideas per person per year and we're now getting about six or so."* Caterpillar

"*The guys on the benches were working more as a team, helping one another and taking the trouble to go to the stores once we had reorganised it as opposed to 'Oh I can't be bothered to go over there because I'll never find it anyway' … it was a benefit."* Thorpe Kilworth

Levels of Trust

At the final evaluation respondents were asked to describe the present level of trust between managers and employees on the same scale used to describe workplace morale:

a) Very poor; b) Poor; c) Good d) Very good

The majority of respondents (54 per cent) described it is as 'good' or 'very good'. Responses were the most consistent at Thorpe Kilworth, the SHA and The Health Store where all interviewees reported it to be 'good' and at Liquid Control where trust levels were perceived to be 'very good'. At BEM it was described as poor due the internal issues already referred to; at Pendragon, respondents all felt that levels of trust varied from good to poor but were agreed that there had been improvements in some areas.

Improved levels of trust between managers and employees were reported at all eight organisations since the IWP began but this was not necessarily a view shared by all respondents at the same organisation. The exception to this was in the smaller businesses (Liquid Control, The Health Store and Thorpe Kilworth) who all felt that the IWP had contributed to improved levels of trust. The pay dispute at BEM had led to an observed divergence in respondents' views and only one respondent (who reported an improvement) at the SHA felt able to answer this question. There were different views among respondents at Pendragon

depending on whether the question was concerned with trust between employees and their direct management or interdepartmental trust; the perception was that levels of trust were higher within than across departments although across the workplace it had been described as 'quite good' when the IWP began.

At Caterpillar trust levels were described as 'good and improved' by three respondents but a fourth respondent did not feel it had changed and was still 'poor'. Respondents at Northampton College reported trust levels as *'different in different areas'* and that *'it all depended who you talked to'* but nonetheless described it as either 'good' or 'quite good' but, despite identifying that trust had improved in the past year, did not feel it was possible to single out what might account for this.

Management and Leadership Development

A core aim of the project was the development of management and leadership skills. Respondents were asked whether this had been an outcome of the IWP in the post-project questionnaire and in the final interviews where it was also explored from the perspective of whether it was felt there had been changes in approaches to management as a result of the project. Both dimensions are examined below.

Developing Management and Leadership Skills

A key objective of the IWP was to facilitate long term organisational change by focusing on the development of organisational management and leadership skills through the gatekeepers in the first instance. The intention was that gatekeepers would transfer their learning from the programme to stimulate a wider workplace enhancement of these skills. Respondents were asked to what extent they felt the IWP had met its objective of facilitating organisational change by enhancing management and leadership skills (not just of those in managerial roles) and to identify whether this had occurred to:

a) To a large extent; b) Partly; c) Not at all; d) Don't know

At the final evaluation the majority of respondents (61 per cent) said this had happened either 'partly' or to 'a large extent' with seven respondents reporting that this had happened to 'a large extent', ten that it had partly occurred, five felt that it had not happened, five did not know with one respondent unable to answer. Table Five provides reported examples of how the project contributed to the development of management and leadership skills with the participating organisations.

Table Five: IWP's contribution to the development of Management and Leadership Skills

• *It made the management team of the operations department at least look at themselves and say well yeah, maybe I'm not as good as I think I am and I'd lump myself in there as well.*
• *Because as gatekeepers we report to the operations manager, we've shown him what we've learnt and it's pinpointed that the same mistakes have been made by management over again.*
• *People that are involved in it feel more empowered to do things off their own back and to do things without me saying 'can you do this because I want XYZ.' Now they come to me and say do you think? I say 'go for it'.*
• *If nothing else the training courses that were offered have enhanced at least some of the department leaders in dealing with difficult issues …from a purely selfish point of view, dealing with some of the conflict that used to lead to me getting involved, if nothing else that will have helped them.*

S*ource: All respondents in the final interviews*

Not unexpectedly the majority of the gatekeepers (78 per cent) reported that the IWP had 'to a large extent' or 'partly' achieved its objective of developing management and leadership skills, but it was encouraging that 43 percent of other respondents reported that the IWP had 'to a large extent' or 'partly' achieved this aim. Only at The Health Store did all the respondents report that this had been achieved to a 'large extent'. This may have been more evident because the gatekeeper was in a senior managerial role which, by definition, required such skills. At Liquid Control the majority view was that this had been achieved to a 'large extent' but here one respondent reported not knowing whether or not these skills had been developed, in common with a respondent at Caterpillar.

The same question had been explored with the gatekeepers during the telephone interviews six months earlier; by the final evaluation the number of gatekeepers who thought the IWP had met this objective 'to a large extent' had increased from three to seven, an increase which may be due to further developmental interventions taking place in the intervening period, predominantly through attendance at Acas short courses by gatekeepers and other attendees from the participating organisations.

The question proved to be particularly challenging for some gatekeepers who, whilst reporting that they had personally developed as a result of the IWP, found it more difficult to identify whether they had developed management and leadership skills which had facilitated organisational change. The benefits they reported from being participants on the IWP and the value they obtained from its different elements are discussed later in the evaluation of the different elements of the programme. All of them, however, had experienced the initial development programme 'Managing the Workplace of Tomorrow' accredited by the Institute of Leadership and Management (ILM) at NVQ level 3. As previously mentioned this offered the option of completing the requirements for the qualification, 12 out of the original 20 attendees chose to do so and were all successful.

3.2 Approach to Management

The final evaluation found that 16 of the 26 respondents in the participating organisations thought the approach to management had changed as a result of the IWP. Eight thought there had been no real changes and two felt unable to answer. Compared to other areas of evaluation there was rather greater consistency among respondents within the same organisation where it was perceived that changes had taken place, for example at Liquid Control, The Health Store and Northampton College. This was also the case where it was felt changes had not occurred, for example at Pendragon where it was reported *'that nothing much had changed but there wasn't really a problem to start with.'*

The types of changes reported were dominated by better communication, more delegation and a shift towards a more consultative management style. Whilst not a complete list, Table Six provides the type of changes respondents commonly identified had taken place in the approach to management as a result of IWP participation.

Table Six: Six examples of changes in the approach to management

• *The management style is less authoritarian with more explanation and information about the reasons for asking for something to be done. There is less of 'Well I'm the manager, this (is) how we do things … managers are more approachable.*
• *There is greater delegation due to better knowledge of the skills set - the work is better spread.*
• *Managers have seen the benefits of one to one dialogue and employee involvement.*
• *There is a lot more information available to all, whereas before it (was) all kept under the table. None of it was top secret they just didn't bother to pass it on.*
• *Attitudes have changed, it was always 'them and us' and now it's not like that, there is communication between us - it seems to have been recognised that we all work for one company.*
• *There is definitely more of a view that it is best to consult first and get the employees' feelings on certain things to enable change, to get their buy-in.*

Source: All respondents in the final interviews

Respondents were asked at the final evaluation whether participation in the IWP had led to changes in how managers dealt with absenteeism, disciplinary issues, interpersonal conflict in the workplace and formal disputes between management and employees. The extent to which new or amended procedures had been introduced in these areas and whether these had any beneficial outcomes are explored elsewhere in the report. The consideration here is whether respondents saw improvements in how managers approached these issues. Eleven respondents said there had been improvements, which included all the interviewees at The Health Store who identified positive changes in these areas. Nine respondents said they were unable to point to any specific changes and none of the respondents at the SHA felt able to answer the question.

In a number of the organisations issues outside the IWP project had a bearing on responses. For example, at BEM it was identified that as a result of the IWP, prior to the pay dispute, there had been an improvement in the number of grievances. Changes in the interpretation of the long term sickness procedure led to reported changes in how management dealt with such cases at Caterpillar, and at The Health Store, as already identified, there was less need for managerial involvement in conflict resolution and more issues being resolved at an informal level. At the same organisation it was reported that, from an employee perspective, return to work interviews by managers were helping absenteeism to be better managed. There was a less consistent view at Northampton College where respondents were divided about whether or not there had been improvements among the majority of managers and there was no evidence provided to illustrate any changes.

3.3 Benefits to Individuals in their Jobs

Asked whether there had been IWP outcomes which had helped respondents in their own jobs, the responses varied considerably both across and within the participating organisations. Where individuals had been gatekeepers and gained

new skills, they identified that these would be of benefit to them in their present or future work roles. Where respondents held a central organisational role, for example as an HR Manager, they were more likely to report clear benefits such as greater ease in obtaining the employee perspective and their involvement in new initiatives at The Health Store or the ability to delegate more to staff at Liquid Control. Others expressed a more general view that the impact of improved staff engagement would help them in their roles or to deal with future changes observed this HR Director:

"I'm hoping that staff will come to us and work with us rather than against us through the difficult times we have ahead …. In that way it will help my job."

A small number of respondents found it difficult to identify how the outcomes of the IWP had helped them in their immediate jobs although a number thought the experience could be useful in the future or saw benefits in continuing networking arrangements with other participating organisations. There was more likely to be a shared view among interviewees in the smaller businesses, for example at Liquid Control and The Health Store, that the IWP's outcomes had benefited them in their work roles.   Here the outcomes could be more directly visible to the workforce as illustrated by this elected employee representative's comment:

"It's a lot easier to talk and obviously I'm involved now with the meetings - there's no secrets anymore so there's a lot more understanding which makes my job a lot easier."

3.4 Unanticipated Outcomes

Respondents were asked in the final interviews about any unanticipated positive or negative organisational outcomes as a result of participation in the IWP.   In the telephone interviews with gatekeepers six months earlier, nine had reported unanticipated positive outcomes compared to four who identified none. Six had said there had been unanticipated negative outcomes, whereas seven reported none. In the final evaluation it was possible to probe more deeply into this area and to include respondents other than the gatekeepers. Again reported unanticipated positive outcomes outweighed any negative outcomes. Gatekeepers, as a result of their direct involvement throughout their projects were more likely to identify where things had not gone to plan or there had been a negative reaction. One such example was where team members had returned from a workplace forum meeting with enthusiasm to apply agreed new ground rules for the working environment but had received a demotivating, adverse reception from other employees about what was being proposed. This particular incident was reported by the gatekeepers as a critical learning point which had illustrated the importance of channelling forum outcomes through supervisory team leaders.

In three organisations, a positive unanticipated outcome had been the speed with which employee engagement had improved once a forum had been established or individual employees had begun to take ownership and propose changes in work methods.   Other outcomes were described as unanticipated in that they had not formed part of the organisation's action plan but had arisen as a result of an improved, more open environment. For example, at Caterpillar it was reported that it had been agreed that the members of one team should set their own

targets; an approach that had worked well so was being applied across other teams. Because of the nature of their organisational role, HR Managers were often best placed to see any positive and negative outcomes beyond the action plan. At The Health Store this was reported as employees being more proactive about health and safety matters. In contrast, at Mahle Powertrain a negative outcome from the HR perspective was that the scope of the initial workplace project had not included its manufacturing operations at another site.

There were instances where an outcome was reported as having both positive and negative aspects. For example, at one organisation steps to address labour utilisation had resulted in two redundancies; an outcome that was detrimental to the individuals involved but in line with the organisation's objective of achieving better labour utilisation. A lack of direction about their role and what was expected of the project at the outset gave rise to problems for the gatekeepers at the SHA, but the final interview revealed that their difficulties led to a *'lack of communication'* being identified as a critical issue in terms of achieving the action plan. It was then possible to begin to address this, with the assistance of the Acas facilitator, through a series of focus groups.

3.5 Constraints on Progress

At the beginning of their projects, respondents were asked to identify any particular obstacles or constraints to achieving their action plans. This question was revisited in the final evaluation interviews. Not unexpectedly, there was a varied range of responses. The recession had impacted in different ways on all the private sector organisations but none were untouched (even if the effect was in another part of the business); for example, there was short time working and redundancies at two organisations and cash flow problems at another. Other factors, such as a pay dispute at BEM and changes in management at a couple of the organisations, had an impact on the progress of organisational projects. A defining and innovative feature of the IWP was that it provided organisational support over an extended period of time through the network events, action learning and workplace Acas facilitation. But this also meant it was vulnerable to changes of personnel within the organisation and there were instances of an individual project faltering where a senior manager and/or a gatekeeper, who had acted as a champion for the IWP, left or moved to a different role.

In contrast, the two public sector organisations appeared to experience the most difficulty in clarifying the aims and scope of their action plans at the outset, partly due to the presence of other related, and potentially overlapping, organisational initiatives being underway at the same time as the IWP, for example, a leadership development programme. Until issues of integration and alignment with these other initiatives were addressed, there was some difficulty in clarifying the focus of the IWP workplace project, the appropriate processes and what the gatekeepers should be doing.

3.6 Levels of Support

The initial interviews identified that most gatekeepers' had a concern about the level of support they would receive from senior management and a couple were

sceptical about support from a work force who were viewed as apathetic and disengaged due to low morale as a result of redundancies, changes of ownership or restructuring. In the final interviews the level of support was revisited; respondents were asked to consider the extent to which they agreed or disagreed that there had been a lot of support from a) senior management, b) line management, c) employees and to provide examples.

The levels of support reported by gatekeepers in the final interviews are illustrated in Figure One:

Figure One: Gatekeepers' reported levels of organisational support (number of gatekeepers giving each answer)
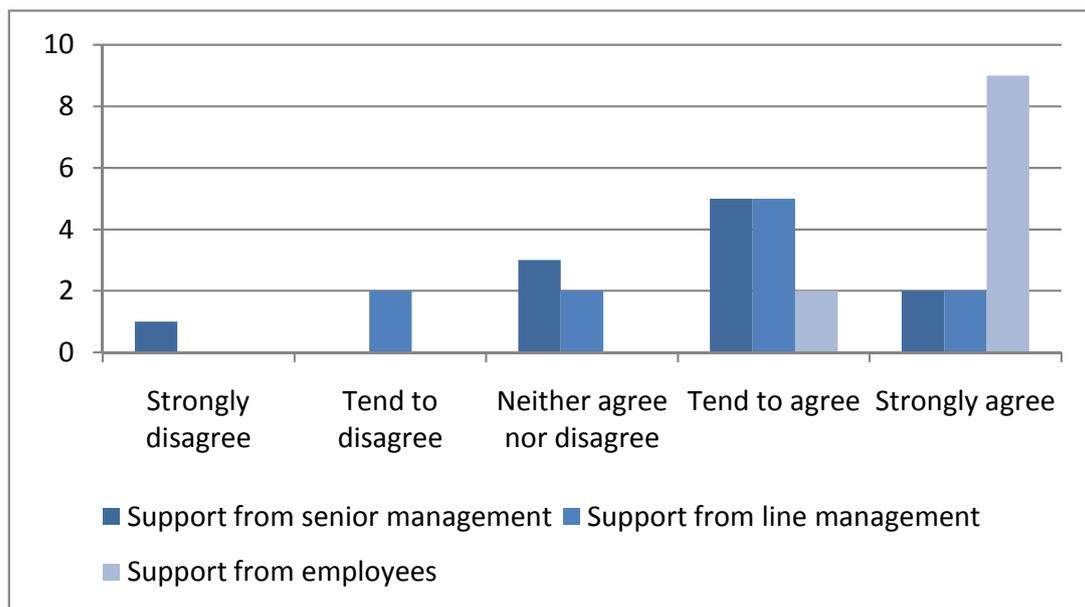
Source: All respondents in the final interviews

Figure One reveals that, in practice, the majority of all respondents reported in the final evaluation that there had been a lot of support from senior managers although four respondents felt that this had not been the case. Where support was forthcoming at the outset, facilitators reported that there was more rapid progress against the action plan as evidenced at BEM, until tensions arose due to a pay dispute. Four gatekeepers reported that senior management support had increased as their projects had developed and positive benefits became evident, as one gatekeeper put it:

"Senior management did not show any particular support but to be fair nor did they stand in the way of what we were trying to do …. once it became clear that the pilot was working they have been right behind it."

There were less initial concerns about the level of support from line managers and responses at the final evaluation confirmed that this had been forthcoming with the exception of Pendragon (see below) and one respondent at the SHA who disagreed on the grounds that they would have been more supportive if the IWP's benefits had been better explained at the outset. At Pendragon, all three respondents identified that the problems of support among line managers stemmed from their lack of involvement, as one gatekeeper explained:

"We were probably a couple of months down the line when we started trying to involve them, a lot of them were actually turning round and saying 'I have no idea what you're talking about'. So I think they probably would have given their support if they'd have had the opportunity to….but you know, that's a learning experience for us."

Low morale and a lack of engagement led a number of respondents to initially identify that the workforce would be apathetic and even cynical about the IWP's aims but the final interviews revealed that these fears were unrealised; employees were reported as supportive and forthcoming in focus groups and at other forums which provided opportunities for their 'voice' to be heard. Whilst the gatekeeper at the SHA was of this view, there was a perception among the other respondents that the employee support would, as with line management, have been greater if they had understood the value of what was being proposed from the beginning. The overall finding was that concerns about levels of support diminished as individual projects progressed and the majority of gatekeepers reported being satisfied with levels of internal support at the final evaluation. The issue of ensuring that appropriate managerial support is in place at the outset is returned to in the discussion of the programme design and delivery.

3.7 Learning Transfer

The extent to which learning transfer had taken place throughout the IWP was reviewed in relation to:

a) the transfer of learning from the gatekeepers to others within their organisation,
b) the transfer of learning between the gatekeepers from the participant organisations.

The overall finding of the evaluation process was that learning transfer across the participant organisations from gatekeepers sharing experiences at their network meetings and the initial three and half day course was more frequently reported than learning transfer from the gatekeepers to others within their individual organisations. Questions about learning transfer within the organisation were asked of all respondents whereas the question about learning transfer from the other participating organisations was explored through the gatekeepers' reported experiences from attending the participant network events and the action learning sets. Learning from individuals in other organisations was, however, reported as one benefit of the Acas short courses which had been attended by delegates from the organisations beyond just the gatekeepers.

Transfer of Learning within the Organisation

Asked whether or not skills and knowledge had been transferred from the gatekeepers to others in the organisation, 65 per cent of respondents said this had taken place. Not unsurprisingly, the most positive responses were from gatekeepers with 83 per cent reporting that this had taken place.

Respondents other than the gatekeepers were divided in their perceptions of learning transfer; 50 per cent reported that they perceived this had taken place, 29 per cent indicating that this had not happened and 21 per cent were unsure.

This led to an exploration of how gatekeepers' learning from the IWP was communicated to others in their organisations. The majority reported that this had been communicated through the newly introduced information and consultation mechanisms, for example:

"[The Gatekeeper] talks to me and has a meeting with the senior staff, then he'll have a meeting with his forum … and that's how he's passing the information through." Health Store

Others mentioned that this occurred informally through *'word of mouth'* or by putting information on the *'project server'* but three respondents felt that the outcomes were only really known to the direct participants on the programme as one observed:

"The closer people were to the gatekeepers involved the more likely they were to know about the learning from the project." Caterpillar

One of the interventions which facilitated the sharing of learning was the various short courses provided by Acas and attended by both the gatekeepers and others.

At one organisation, where the gatekeeper was the Employee Relations Manager for other Divisions as well as the participating Division, the skills and knowledge she acquired from participating in the IWP were transferred more widely in the company as illustrated by the following:

"… in a couple of businesses, we've definitely gone in and used some of the things that we learnt from the forum to try and get other organisations or other businesses to do the same." Pendragon

Transfer of Learning Across Participant Organisations

The opportunity for gatekeepers to share and learn from each other's experiences was an integral part of the design of the initial three and half day course and a central feature of the participant network meetings organised and facilitated by UKWON, reflecting the action learning philosophy of the IWP. The contribution made directly by the action learning sets as an element of the IWP programme is explored later in the report. This issue is discussed further in 3.12, Evaluation of the IWP Methodology).

Learning transfer and the sharing of knowledge between gatekeepers was explored at the final interview stage. Respondents were asked to identify how useful it had been to share knowledge and experience with participants from other organisations on the programme on the following scale:

1) Not at all useful; 2) Of some use; 3) Useful; 4) Extremely useful.

11 of the 13 gatekeepers reported that sharing knowledge with others had been either 'useful' or 'extremely useful' and their perception was that this had occurred to a greater extent than learning transfer within their organisations although the two aspects of learning transfer are clearly interrelated. They illustrated their responses with the following examples of the benefits that had resulted from sharing experiences with participants from other organisations:

"I was … able to learn how different organisations approached setting up of focus groups; we were a little behind in this area." Liquid Control

"I gained a realisation that I tended to ramble and there are better ways to communicate." Thorpe Kilworth

"Sharing information helped us to benchmark; we saw that we were not really that bad at all." Pendragon

"Sharing helps to prioritise actions, so you don't sink under the volume and to realise that change is difficult." Mahle

3.8 The Personal Development of the Gatekeepers

The degree of personal development emerging from any management development intervention is notoriously difficult to establish as is the impact of such development on outcomes (Mumford and Gold 2004:157). Nevertheless, gatekeepers were asked in the telephone interviews in May 2010 what the personal benefits had been for them at the point in time when, for most of them, the different elements of the IWP programme had just been completed.

All of the gatekeepers identified some personal benefits from participation in the IWP; examples included *'more confidence in speaking and chairing meetings'*, *'increased participation in group and team work'*, *'working more closely with senior leaders'* and *'the ability to utilise tools and techniques'.* One gatekeeper was so encouraged and motivated by his introduction 'to the world of learning' on the IWP programme that he had begun a higher level ILM/NVQ Level 7 qualification in management and leadership, as he explained:

"If it had not been for this project and the insights I gained, I just would not have pursued further development of myself as a manager and I would not be on this ILM Level 7." Health Store

The main personal benefits of the IWP identified by 7 of the 13 gatekeepers in telephone interviews are those reported in Table Seven; namely the opportunity to *'network'*, *'share issues, problems and achievements'* with others participants on the programme. Learning that other organisations of a different complexity and size could face similar issues and challenges was described as reassuring but also as developmental in terms of sharing how these were being approached. Several gatekeepers felt this had "*helped their self confidence*" illustrated by the participant who observed "*learning what others were doing helped me to challenge what we were doing*".

The facilitators also reported the IWP had improved the self confidence of the gatekeepers they had worked with in their reporting of its outcomes.

In the final interviews gatekeepers were asked to identify the 'three best outcomes for them as participants on the programme' and these are summarised in Table Seven.

Table Seven: Summary of Gatekeepers' reported three best outcomes from IWP participation

Organisation	1	2	3
Brush Electrical Machines (BEM)	Sharing challenges and difficulties	Help and advice from Acas on how to deal with problems	Introducing the news letter
Caterpillar	Getting facility leaders to do more employee consultations with the employees rather than making assumptions	Having a different viewpoint and mindset, being able to think outside the box	Implementation of the employee forum
Health Store	Engaging with further education	Improved levels of trust between gatekeeper and senior managers	Seeing improvements in morale
Liquid Control Gatekeeper One	Developed new skills about having difficult conversations	The practical assignments done with Acas	Learning about communication from visit to Thorntons plc
Liquid Control Gatekeeper Two	Networking with others	Learning from the deliverers particularly from case studies	Learning tools and techniques
Mahle	Building relationships with others	Working with new and different people in my organisation and building organisational knowledge	Seeing some things actually implemented
Northampton College Gatekeeper One	Getting the organisational project started	Appreciating how difficult it is to get people engaged in improvement activity	Recognised the value of networking
Northampton College Gatekeeper Two	Getting HR on board	Focus groups helping better alignment so helping to move us forward	Seeing the senior management become aware of the need to get involved
Pendragon Gatekeeper One	Learning from mistakes	Positive outcomes from the team building events	Improved relationships with senior leaders

Pendragon Gatekeeper Two	Getting teams to work together more effectively	Getting people working together and understanding things	Introduction of a customer satisfaction survey
Strategic Health Authority (NHS East Midlands)	Networking with other companies	Learning new skills	Realising the importance of communication
Thorpe Gatekeeper One	Networking with people	The realisation that we were a pretty good company	Learning points picked up throughout the project
Thorpe Gatekeeper Two	Interacting with other people, other organisations	Learning new skills	Seeing the company starting to be more efficient and begin to save money

Source: Final interviews with gatekeepers

3.9 Outcome Measures

The estimated economic impact of the IWP on the participating organisations is summarised in Section Four of this report; the full analysis of the economic impact is provided in Ecorys' report in Appendix D. This analysis is based on data drawn from the pre-project questionnaire and post-project questionnaire completed by each of the participating organisations. These were sent to the individual identified by each organisation as best placed to gather and provide the information requested by the survey and to report on any changes that had taken place in the 12 months between September 2009 and September 2010 as a result of IWP participation.

In addition to the questionnaire, all respondents in the initial interviews were asked how outcomes from the programme would be measured to see whether participation in the programme had contributed to the performance of the organisation. The question of measurable outcomes was revisited in the final interviews where all the respondents were asked whether or not there were any measurable outcomes that showed that participation in the programme had led to improvements in organisational performance (in three instances this referred to the workplace involved in the IWP). Where there were measurable outcomes, respondents in each organisation were asked to provide examples. In practice the responses to the post-project questionnaires and the final interviews revealed that respondents had difficulty in disentangling the impact of the IWP from other influences on organisational performance.

Seven organisations provided before and after data relating to Employment Tribunal applications, six did so for employee grievances and five for disciplinary sanctions in the post project questionnaires. There was a reported rise in employee grievances and a reduction in disciplinary sanctions but no change in Employment Tribunal claims. But organisational experiences were very different. For example, one smaller business (with just over one hundred employees)

reported a reduction of twenty disciplinary sanctions over the 12 month period, a fall they attributed directly to improved communication and employee involvement from participation in the IWP. At another much larger organisation there had been increased numbers of grievances and disciplinary sanctions during the same period which may have been related to internal differences over other workplace issues unrelated to the IWP. Whilst the data revealed no change in the number of Employment Tribunal claims, given the potentially protracted nature of such procedures, the origins of these where likely to have predated the IWP and any conclusion on the programme impact of these would require a longer time frame.

Of the five organisations who were able to respond to the questions on levels of employee turnover and days lost through absence in the post project questionnaire, two reported a decline in staff turnover and a further two reported a reduction in days lost through absence since participating in the IWP. In terms of the earlier reported changes to HR policies and procedures that had taken place as a result of involvement in the IWP, there was no evidence provided to show that these had impacted on organisational performance. But there could have been an indirect contribution which was not easily identifiable. One such example was the reduced absence levels reported at one workplace which was possibly due to the adoption of a less rigid workplace interpretation of a company absence procedure which had been an outcome of the employee forum established as a result of the IWP.

Whilst the survey data presented a mixed picture, there was the perception among respondents in managerial roles, mentioned previously, that problems that had taken up their time prior to the IWP were being resolved at a lower level and without their involvement saving managerial time.

The changes in numbers employed indicated a variation between public and private sector organisations with increased voluntary departure at both the public sector organisations although there was a large increase in employees leaving due to redundancies at one whilst a slight decrease at the other. In contrast, there was a decrease in all categories of departure in the private sector organisations although, again, causality can not be disentangled from broader economic influences.

As well as disentangling the impact of broader factors, such as the economic downturn, analysis of this data is also impacted by the large variation in size of participating organisation, the largest, having in excess of 1,000 employees whilst the smallest, employed only twenty, and did not supply employment change data.

When respondents were asked in the final interviews what they considered to be the best measure of improvements resulting from their action plans, their responses provided a range of both objective and subjective measures. For example, a senior manager at BEM reported that the company was now doing better financially although it was difficult to quantify how much this was due to the IWP. At Thorpe Kilworth, one gatekeeper could point to employees' proposals resulting in a saving of between four and six thousand pounds. At Caterpillar Logistics, the 10 per cent improvement in employee engagement specified in the organisation's action plan had been achieved in 2010 and further improvements

were anticipated in the next employee survey. Other measures were more subjective as illustrated by this manager's observation:

"I think the staff seem happier with their jobs they're doing so there is a better atmosphere. So I would say that is a sort of measure."

In terms of adopting measures to demonstrate the impact of the IWP the evaluation process offered a number of insights. Firstly, the initial interview questions about final measurable outcomes revealed few of the respondents had identified how they would measure the organisational benefits from participating in the IWP. Three said this could be through an employee survey; two further organisations had identified this as the measurement as part of their action plan and for one there was a target figure for an improved score for employee engagement which was achieved.

Secondly, for the majority, it was reported that success would be demonstrated by achieving what they set out to do in the workplace action plan or evidenced by improved communication, workforce morale, increased employee involvement and the development of management and leadership skills. But it was not identified how the outcomes in these difficult to measure areas would be assessed. Notwithstanding, it was reported that improvements had been made to a very large extent in all these areas by the end of the project. What was evident is that the 'yardstick' adopted by respondents for measuring successful outcomes from the IWP placed more emphasis on qualitative changes in the workplace than the quantitative measures commonly used to gauge workplace improvements. This may be partly due to diverse nature of the gatekeepers' roles; if the gatekeepers had all been senior managers the criteria for success might have been very different. The final observation as previously reported is that respondents in over half the participating organisations said that things would have been worse without their IWP participation

3.10 Probability of Change without the IWP

Respondents were asked to identify the extent to which they thought the organisational changes reported would have occurred without participation in the IWP using a five point ranking scale of:

a) Completely (100%)

b) To a large extent (75%)

c) Partially (50%)

d) To some extent (25%)

e) Not at all (0%).

None of the respondents thought the changes would have been completely achieved without the IWP although four respondents (all in managerial roles) thought that these would have happened 'to a large extent'. There was an even split between the 20 respondents who thought the changes would have 'partially happened' or 'to some extent', and only at The Health Store was it reported that the changes would not have happened by all the interviewees. The responses

highlighted a difference of perception between managers, gatekeepers and employee representatives; the latter two groups of respondents being more likely to identify that the changes would have not occurred without the IWP. At Mahle Powertrain who had left the project, it was reported that the IWP had been the stimulus for changes which would otherwise not have occurred.

The availability of similar support to that provided by the IWP and the degree to which the participating organisations would have taken this up was explored in the final survey; the responses are analysed in the Economic Assessment of the IWP in Appendix D. Despite respondents reporting that these changes would have occurred to varying degrees, the survey data reveals it as unlikely that participants would have taken up an alternative source of support. This raises the question as to whether or not the organisations could have achieved the reported outcomes without external support, particularly as the gatekeepers frequently described the IWP as the 'catalyst for change' within their organisations - a view that was shared by both delivery partners and the Acas facilitators in their reflections on what the IWP had achieved.

3.11 Sustainability

As already identified, it was evident from the respondents in the final evaluation interviews that they were increasingly viewing the workplace achievements resulting from their involvement in the IWP as part of 'on going' programmes of change. However, a third of the organisations were concerned that, without the IWP, the momentum would not be sustained. This was particularly reported where there had been a loss of individuals who had championed the project due to staff turnover.

3.12 Evaluating the IWP Methodology

As part of the evaluation process, the gatekeepers were asked to evaluate the contribution of each element of the programme provided by the IWP. As outlined in Section One, these consisted of:

- an initial three and a half day course
- six participant network events
- eight action learning sets (six of which took place during the participant network days)
- the Acas facilitation process
- additional inputs from Acas or UKWON (largely short Acas courses).

During the telephone interviews the gatekeepers were asked to rank the usefulness of these different elements of the programme. A summary of their responses at that point in time is provided in Table Eight below:

Table Eight: Gatekeepers' perceptions of the usefulness of the different elements of the programme

Questions relating to the Individual elements of the programme	Extremely	Useful to a large extent	Partly useful	Not at all useful
How useful was the initial **delivered element** of the programme (the three and half days leadership and management course)?	2	6	4	1
How useful was the initial **launch event**?	4	8	0	0
How useful were the **Participant Network meetings?**	5	4	4	0
How useful were the '**Action Learning Sets**'?	3	4	4	1
How useful was the **ACAS facilitation** element of the programme?	3	5	4	0

Source: Telephone Interviews with gatekeepers

In the final interviews there was a more 'in depth' exploration of the perceived value of the different elements of the programme with the 13 gatekeepers who were asked:

a) The contribution they felt each element had made to the final outcomes for the organisation and for them personally;

b) To what extent they felt the key achievements of the IWP would have occurred without this element of the programme;

c) What changes, if any, they would propose for any element of the programme.

The responses of the gatekeepers on the extent to which they felt the key achievements of their workplace projects would have occurred *without* this element of the programme are summarised in Table Nine.

Table Nine: The extent to which the key achievements would have occurred without each element of the programme

Element of Programme	Not at all	To some Extent	To a large extent	Completely
Initial three and a half day leadership and management course	4	2	4	3
Participant network meetings	3	4	5	1
The action learning sets	4	2	4	3
Acas facilitation	6	6	-	1

Source: Final interviews with gatekeepers

It was interesting to identify the extent of any changes in the gatekeepers' perceptions of the value of the different elements six months after the telephone interviews when the outcomes of their individual project had become clearer. Their responses regarding each element in both the telephone and the final evaluation interviews are considered below.

The Initial Short Development Course

The initial three and half day course 'Managing for the Workplace of Tomorrow' was delivered by New College Nottingham from June to September 2009. It offered an ILM qualification for those who wished to pursue this. 95 per cent of participants were satisfied with the general content and delivery of the programme and were particularly positive where 'tools and techniques' were provided that could be easily transferred back to the business.

By the time of the telephone interviews 61 per cent indicated that they felt this element of the programme had been 'extremely useful' or 'useful to a large extent' with a further 31 per cent indicating that it had been 'partly useful'. Only one respondent expressed a view that it had 'not been useful at all'. Positive views related to the *'bite size'* nature of different subjects which one gatekeeper indicated *'helped to get things started'*. The content also seemed to provide a *'focus'* for some gatekeepers *'steering them to the right thinking'* sentiments summed up by the following comment:

"… you need the focus and need the way forward. You need a bit of help sometimes in achieving your goals, and in some form or another, I wouldn't say all of it but some parts of it we have actually used." Thorpe Kilworth

More negative responses related to the content's *'level'* and its *'relevance'*, illustrated by the following feedback:

"Nothing new in terms of content. I do it as part of the day job." Pendragon

"I found some of it quite frustrating really because it was below the level I'd already achieved…I think there was no attempt made to try and work out the levels that different people were at." Northampton College

However, some of the respondents for whom the content was revisiting existing knowledge could see benefits, for example;

"We weren't taught anything that we didn't already know but it did highlight those things and bring them to the forefront to make us think about it…reignited the memory." Caterpillar

As Table Nine reveals in the final interviews with the gatekeepers, 4 reported that the achievements of their organisational projects would not have occurred at all without the initial short programme (all from smaller businesses), 2 that these would have to some extent, 4 to a large extent, 3 that they would have been achieved without this element and 1 felt unable to answer the question. In personal development terms the participants variously identified the *'shared experiences'*, *'being able to put things into context'*, *'helped to focus energies'*, whilst others were of the view that the programme's workshops '*would have been of more help to others with less experience'.* Responses from the two public sector organisations were consistently the least positive about the initial programme, possibly due to the complexity and size of their organisations or a greater degree of developmental opportunities traditionally being made available to employees in this sector.

The Project Launch Event

One element of the programme singled out in the telephone interviews which was not revisited in the final interviews was the IWP project's launch event. Whilst not a specific element of the project design, Table Eight illustrates that this was the most highly rated aspect of the programme, rated as either 'extremely useful' or 'useful to a large extent' by all those gatekeepers who attended (one did not attend). It is worth examining why respondents rated it so highly. It took place on 23 September 2009 and the detail of its content is described in Section One.

An invitation to attend this launch event was extended to participant gatekeepers, their senior managers and employee representatives from participant organisations. The event was identified by the gatekeepers as providing the whole project with *'credibility'* particularly in the eyes of key individuals in their organisations whose support was needed. These perceptions are illustrated by the following quotes:

"Excellent, the people, the real case studies it was so informative…it was inspiring." Thorpe Kilworth

"It was particularly helpful that we were able to bring a wider audience from our company and we managed to bring someone from HR and a senior union rep. So it helped to explain the project …the speakers were brilliant." BEM

"I think it was a really good opportunity to gain insights from other businesses and companies." Caterpillar

"We were able to take people from the business which gave credence to the project and we were able to hear from other companies, disappointed in the limited places." SHA

The Participant Network Meetings

Six whole day network meetings facilitated by UKWON were held from October 2009 to March 2010. The design for these days, provided by UKWON, was that the morning session of each day was devoted to a thematic discussion of common problems and the afternoon was spent with the participants in action learning sets in which each organisation could present progress, achievements, obstacles and dilemmas for peer review and discussion. These were followed by two half day meetings of the action learning sets, again facilitated by UKWON, in May and September.

The location of these meetings varied in that different participant workplaces were chosen to host these network events. The schedule was as outlined below:

October 2009	Overview of employee engagement and workplace innovation
November 2009	Managing successful change (Donington Park)
December 2009	Case studies of workplace innovation
January 2010	Employee engagement event with Nita Clarke (BEM)
February 2010	Progress review on action plans, building trust and breaking down silos.'
March 2010	Sustainability of change; reviewing the role of Gatekeepers - (SHA)

Source: Programme of Network Meetings

In the telephone interviews, 9 respondents indicated that they felt the meetings had been 'extremely useful' or 'useful to a large extent'. The remaining 4 respondents rated the meetings as 'partly useful' (Table 8).

The most beneficial aspect articulated by respondents during both the telephone and final interviews (confirmed by the supplementary information on the IWP provided by some of the gatekeepers to UKWON), was once again, the opportunity to share issues, problems and experiences with other gatekeepers. This aspect was mentioned by 8 of the respondents

Table Nine reveals that by the final interviews, 3 gatekeepers reported that the achievements of their organisational projects would not have occurred 'at all' without the network events, 4 that these would have to 'some extent', 5 'to a large extent', and 1 that they would have been achieved 'without' the network events. In response to the question about the contribution of the Participant Network meetings to the final outcomes either to the organisation or to the participants personal 'sharing of experiences' was the single most reported benefit.

Whilst the respondents predominantly highlighted the sharing opportunities presented by the network meetings, learning from the thematic content of the network meetings was evident when a formal review took place at a half day

learning set meeting held on 20th May 2010 (observed by members of the evaluation team). Participants during this session articulated the learning they had acquired which had relevance for them as individuals and for their organisations.

Action Learning Sets

The responses in the telephone interviews set out in Table Eight reveal that the majority of gatekeepers viewed the action learning sets as either 'extremely useful' or 'useful to a large extent'.

By the final interviews of the 13 gatekeepers, 4 reported that the achievements of their organisational projects would not have occurred 'at all' without the action learning events, 2 that these would have to 'some extent', 4 to a 'large extent' and 3 that they would have been achieved 'without' this element. Responses that mirrored those for the initial action learning short programme which suggests that this is a type of learning works well for some but not for others.

The responses from gatekeepers were generally positive in their view of the action leaning sets as a useful mechanism for sharing information with one another. However, it was apparent in the telephone and the final interviews that a number of respondents were not altogether clear about what constituted the action learning set element of the programme. To specifically find out about this as a core element of the programme design, there were questions relating to the action learning sets in the evaluation interviews but the gatekeepers' difficulties in singling these out from other events at the participant network meetings are illustrated by the following observations:

"Same as the morning sessions giving and receiving advise."   BEM

"Sometimes good sometimes not so good, been a bit of a mixture." Liquid Control

Varying levels of attendance may have led to logistical difficulties in having two learning sets on each occasion. This may have led to difficulties for certain respondents in distinguishing between the morning event and the afternoon action learning. The preference of some gatekeepers was for smaller action learning sets as illustrated by the following comment:

"smaller groups certainly benefit the likes of me. I don't like speaking up in larger groups. Small groups let us get to know one another better and we bounced ideas off one another…" Liquid Control

Other gatekeepers felt the action learning sets were useful but would have been of even more value if there had been organisations in the same industry/sector as themselves, for example:

"they were very useful for me. I have picked up a hell of a lot from people who talked, but would have liked other similar organisations to have been involved." SHA

Acas Facilitation

At the time of the telephone interviews, when the facilitation had ended with the exception of Northampton College, 62 per cent of respondents perceived the Acas facilitation to be either 'extremely useful' or 'useful to a large extent'. 3 indicated the facilitation had been 'extremely useful', 5 that it had been 'useful to a large extent' and 4 that it had been 'partly useful'. Acas facilitation was reported as taking a variety of forms which included assisting with the introduction of joint forums, the facilitation of focus groups, producing reports, meetings with members of the organisation and gatekeepers, holding joint problem solving groups, a skills audit, organising bespoke training events, as well as email and telephone contact.

A number of gatekeepers reported that they had not used their facilitator early enough or made as much use of this element of the programme as they subsequently realised they should have done, for example:

"It was our fault that we possibly didn't use the facilitator as much as we could have done. April (the end of the programme) arrived too quickly. We needed to involve the facilitator earlier in the process." Liquid Control

"We didn't have long enough. Support for a full year would have been welcomed." Pendragon

Part of the explanation for such comments might lay in the timing of the initial involvement of the facilitators with their respective participant organisations, all the facilitators reported in their evaluation of the IWP that their earlier involvement with the IWP would have been helpful to both parties, particularly in establishing terms of reference for the organisational projects and ensuring that there was senior management support. (Facilitator interviews)

A couple of respondents also identified that *'personal chemistry'* between facilitator and recipient gatekeeper did not always result in an immediate productive relationship but could take time to develop as evidenced by the following observations:

"It was partly useful. It took a long time to get going. They probably found us frustrating to work with. I didn't feel they were particularly pro-active." Northampton College

The issue of relationships taking time to develop is particularly illustrated by the evaluation provided on this element at Northampton College where the facilitation continued for much longer than elsewhere due to a slow start. The gatekeepers' perception of the facilitation process changed radically as the process progressed as illustrated by the following feedback at the final evaluation:

"It has made the biggest contribution for us. It was useful for the college to have independent people who were experienced facilitators, with a proper reputation and the kudos of Acas." Northampton College

Six months following the telephone interviews, the final evaluation revealed that respondents had become increasingly positive about the Acas facilitation with 12

(92 per cent) identifying that they would have not achieved their project's outcomes 'at all' or only 'to some extent' without the facilitation input with the exception of one gatekeeper whose reported experience differed from the other gatekeeper in the same organisation. The following observations typify the positive feedback on this element of the programme:

 "It was good.   It couldn't have happened without the Acas facilitation." Pendragon

"I would say our adviser had a very important role. Although they were back stage they were driving us how to approach it in a very subtle way. Basically they equipped us." SHA.

"…feel overall that that was one of the key strengths out of all the different elements…" Thorpe Kilworth

One explanation for the increasingly positive reporting of the impact of the Acas facilitation was that its contribution not only took time to become apparent but also that certain facilitation activity took time to generate results. Another factor may be that open Acas courses had been attended which could have had a positive influence on gatekeepers' perceptions; these are now considered.

Acas Training

Whilst not an element of the initial design for the IWP project, Acas provided a number of training courses for participants in areas of identified need as follows:

Acas 'Open' training events for the IWP

Date	Title of event	No of delegates
9th March 2010	Meetings, consultation and Forums – some useful basics	6
10th March 2010	Having difficult conversations	6
12th March 2010	Having difficult conversations	6
13th July 2010	Facilitation Skills Training	11
30th September, 1st , 7th October 2010	Developing Mediation Skills	7

According to the attendance records a total of 23 delegates, including 10 gatekeepers, from across the participating organisations took advantage of attending one or more of these events; one organisation had employees attending all four courses.

At the telephone interviews Table Eight reveals that out of 8 gatekeepers responses 5 respondents rated these courses as 'extremely useful and 3 rated them as 'useful to a large extent'.

During the final interviews gatekeepers were asked, 'did you or others in your organisation receive inputs in addition to those already mentioned e.g. any additional training organised through Acas or UKWON?'

Three respondents indicated that their organisations had receive some bespoke training interventions from Acas: The Health Store and Pendragon had training for their employee representatives; Caterpillar for the members of its new employee forum; and Pendragon had training for its team leaders. A further two organisations had received bespoke development interventions from UKWON. At Thorpe Kilworth input on team working was provided whilst at Northampton College UKWON provided assistance to help clarify the way forward with the project. UKWON also arranged a visit to the chocolate manufacturer, Thortons plc, as a developmental opportunity for the gatekeepers. Those who attended this visit reported very positively on the event.

3.13 Messages for the Future

The messages or 'lessons learnt' from the evaluation of this pilot initiative for similar projects in the future are drawn from the following sources - the gatekeepers' suggestions; the reflections of the delivery partners and the reflections of the Acas facilitators.

Gatekeeper Suggestions for Future Programmes

During the final interviews the gatekeepers were asked what changes, if any, they would propose to the different elements for any future programme. This question did not include any additional inputs that had been provided as the IWP project progressed.

Whilst some respondents were satisfied with the programme content, others made proposals for change. As might be expected their responses reflected their own particular learning style, level of knowledge, size of their organisation and role. Gatekeepers' comments received are reflected in Table Ten.

Table Ten: Gatekeepers' proposals for future programmes

- Delivery interspersed with action including pre-work
- Smaller groups
- Better understanding of the organisational projects before the action learning delivery input so enabling the input to better support the projects so adding maximum value
- Greater tailoring to particular organisational contexts
- Short course input throughout the duration of the project instead of all at the beginning
- Clearer structure to the network days and action learning sets
- Longer and earlier support from facilitators
- Participant organisations from the same sector
- One venue for the network days and action learning sets
- More specialist inputs at events e.g. speakers on relevant topics

Reflections of the Delivery Partners

The Acas Project Manager and representatives from UKWON ('the delivery partners') were interviewed face to face at the beginning of the IWP about its aims and objectives. They were interviewed again, post project, to gain their reflections on its outcomes and to identify any changes or areas to be addressed for similar programmes in the future. In terms of the IWP's overall impact, both delivery partners felt that a major achievement of the project had been that it had raised awareness about the value of employee engagement and moved the participant organisations towards greater employee involvement; a view that was shared by the Acas facilitators. Their perception, supported by the evaluation evidence, was that as participants gained in their understanding of the importance of employee engagement for the business, the more they recognised that this took time and effort to achieve and sustain. As already reported, participants increasingly viewed the outcomes from their individual action plans as part of an ongoing programme of improvements.

Asked what they would wish to review or change in future programmes, in no order of priority, the key points identified by the delivery partners were:

- Allow more time to recruit; this had been constrained in the IWP due to budgetary considerations. In addition, UKWON suggested that a self assessment questionnaire could be used in the recruitment process. It was felt that this would help applicants to clarify their objectives and provide the opportunity for self reflection in terms of what they were seeking from participation.

- Provide more detailed structured information about the programme once the final gatekeepers had been selected. There was a lack of knowledge about the IWP and what it involved among some of the finally appointed gatekeepers due to last minute organisational changes and insufficient internal briefing from those who had taken part in the selection process.

- Establish the level of commitment from senior managers at the outset. It was reported that, whilst this might have been articulated at the selection

stage, there were instances where it was not evident when the workplace project got underway - a situation that was exacerbated when there were changes in senior management during the project. Senior management support was also identified as a critical success factor by the facilitators and is discussed further below.

- Consider introducing mechanisms to maintain contact and discuss progress with senior management during the project as well as afterwards to sustain momentum, for example periodic meetings.

- Ensure that there was sufficient Acas facilitation expertise available to support participant organisations and consider ways in which this could be developed more widely without impacting on the quality of provision.

Reflections of the Acas' Facilitators

Telephone interviews were held with the Senior Acas Advisers involved in the IWP in order to capture their reflections on the initiative and their own experiences as facilitators. These took place when the facilitation process had ended with the exception of Northampton College where it was still ongoing. The information gained from these interviews was supplemented by end of project reports completed by the individual facilitators which were made available to the evaluators. In addition, throughout the IWP, member(s) of the evaluation team attended the facilitator network meetings which took place from September 2009 to September 2010. These different sources generated a considerable amount of data about the facilitation element of the programme. They revealed a very high level of consistency among the facilitation team in terms of what they felt needed to be reviewed for similar projects in the future. All the facilitators identified that the key achievement of IWP programme had been that it had acted as a catalyst for more attention to be paid to issues of employee involvement. In addition half of them reported that the organisational role of the gatekeeper had a bearing on their ability to progress workplace action plans

Undertaking the facilitator's role was described both as 'personally developmental' and 'very worthwhile' by facilitators. They reported that they had welcomed the opportunity to work collaboratively, and in depth, with organisations to improve workplace relationships in order to enhance organisational performance. Having a protracted period of time to support workplace projects was seen as a real opportunity to make a difference, and the approach was seen as a chance to fully support the principles embedded in the Acas Model Workplace (Acas, 2005). It was reported that it would have assisted the facilitators in their roles if the different elements of the IWP had been more clearly integrated and if they had been more aware of what was involved in other areas of the programme. A key learning outcome reported by nearly all the facilitators was the importance of 'getting to grips' with the culture of the organisations and the pace at which things could be progressed. As one very experienced facilitator observed:

" *I learnt that I had to go backwards to go forwards which paid dividends in terms of gaining trust in the longer term … but it all took time."*

In terms of their experiences of the IWP, the following issues were identified as areas for attention in any future initiative. (A number of these issues were also

touched upon by the delivery partners and, most particularly, by the Acas Project Manager).

- Put in place agreed 'Terms of Reference' signed off with senior management (with the involvement of the allocated facilitator) for each workplace project before it began. The rationale for this proposed action being that it would reduce the reported difficulties facilitators experienced in clarifying and understanding the focus of the organisational project. This action would address the issue of executive level support and also their common experience that, where there had been a lack of clarity about the aims of a project, it had seriously impacted on progress. This view is supported by the evaluation evidence which identified that many projects made slow progress in the initial months and that 'getting things started' was a key role for the facilitators at the beginning of the programme.

- Involve the facilitators as early as possible in any future project so that they could develop their relationship with the organisations they were to work with and their understanding of its issues and culture.

- Consider how facilitation experience and skills could best be developed, particularly in terms of being able to be flexible, innovative and resilient when things did not go to plan or organisations are less responsive than anticipated. It was acknowledged that the level of experience of undertaking the role varied across the team and sharing learning and specific experiences were considered a vital part of developing facilitation skills.

- Provide inputs from another experienced facilitator, including their presence at meetings in the workplace, where there were particularly difficulties or a lack of progress. In practice, as the IWP progressed a couple of organisations had two facilitators working with them which overcame some of the issues which could face a facilitator when operating alone.

3.14 Paying for Future Programmes

The IWP project was free to participants, whilst the mainstream in-company advisory support provided by Acas is charged. In order to gain some indication of organisations' willingness to pay for such initiatives in the future, and to contribute to future planning, the survey explored what the participating companies would be willing to pay for a similar project to the IWP and those factors which would prevent them paying for such a project in the future. Asked what would be considered a low price, but a level that would not give rise to concerns about quality, the lowest price was £5,000 but the survey respondents in the three smaller companies were unable to answer the survey question. When asked what price would be considered too expensive to consider participation, the responses varied from £10,000 to a maximum of £20,000 but, again, the smaller businesses did not answer the question. Only four of the larger organisations identified factors that would prevent them paying for a similar project in the future; these were reported as the economic climate, their ability to pay and that participation would depend on evidence that the programme would increase

turnover. The smaller companies, who consistently reported the most positive outcomes from participation, had identified that they would not have been able to pay for the support provided by the IWP in the final evaluation interviews; a position that was reinforced by their responses in the final survey.

SECTION FOUR – ECONOMIC IMPACT

4.1 Summary of the Economic Impact of the IWP

This section summarises an analysis of the economic impacts of the *emda* funded, Acas led 'Innovative Workplaces' project, developed in line with the principles set out in *emda*'s evaluation toolkit. The analysis is primarily based on a baseline and follow-up questionnaire undertaken with participants of the projects. Full details including all calculations which feed into the estimates in this section are in Appendix D.

As outlined earlier, eleven organisations participated in the Innovative Workplaces project, although three withdrew over the course of delivery, resulting in a total of eight completing the project. The analysis is restricted to eight completers, though it is acknowledged that further impacts were achieved amongst the three who did not complete the project.

4.2 Availability and Take-up of Alternative Sources of Support

A key consideration in assessing the impact of the IWP is the extent to which participants would have taken up a similar alternative source of support in the absence of the project. If participants would have obtained similar support elsewhere, then it is likely that any such outcomes would have been achieved anyway. Overall, the evidence suggested participants would not have accessed similar services elsewhere, with an estimated probability that organisations would not have taken up alternative support of 84 percent.

4.3 Improvements made by Participating Organisations

Respondents were asked to report whether they implemented new or improved human resource policies or procedures (or planned to make such improvements in the future) during or since participating in the Innovative Workplaces project. Seven of the eight organisations surveyed had implemented at least one new or improved process and all had at least plans to implement new or improved processes. Four reported that they had plans to implement improvements in the future.

To identify how far these improvements were made as a result of the Innovative Workplaces projects, respondents to the postal questionnaires were asked to report the extent to which they would have made these improvements without the support they received from Acas. On the basis of survey responses, it was estimated that there was a 32 percent probability that participating organisations would not have implemented improved HR procedures without Acas support.

4.4 Gross Additional Impacts of Improvements

Respondents were asked to report how far the improvements made had resulted in improvements in productivity, or helped them create or safeguard jobs. They were also asked to report if those improvements would have such effects in the

future. Estimates of the gross additional economic impacts of the Innovative Workplaces project are set out in the table below (i.e. those changes in productivity, employment and Gross Value Added (GVA)[1] that would not have occurred without the project).

Table Eleven: Gross additional economic impacts

Impact	a) Additionality of the project support	b) Additionality of actions	c) Economic impacts improvements	Gross additional economic impacts
Employment impacts				
Jobs safeguarded	0.84	0.32	2.0	0.5
Potential jobs created	0.84	0.32	13.5	3.7
GVA impacts				
GVA safeguarded (£ per annum)	0.84	0.32	72,000	19,592
GVA created through productivity gains (£ per annum)	0.84	0.32	566,665	154,195
Total GVA created to date	-	-	638,665	173,787
Total potential GVA created (£ per annum)	0.84	0.32	486,000	132,245

Source: Ecorys analysis (gross additional economic impacts are estimated as the economic impacts attributable to improvements x additionality of support x additionality of actions: a*b*c).

The above table summarises data from three aspects of improved organisational performance resulting from the project:

1. Employment growth. Organisations were asked to report whether the changes they had made had resulted in them recruiting any additional workers (if employment had increased) or protected any jobs (if employment had remained the same or decreased). As noted in previous sections, the majority of participating organisations had seen a contraction in their workforce, with one organisation reporting that the changes they had made had helped safeguard two jobs as a result of the changes made. Applying average GVA per worker in the region (£36,000), this equates to GVA safeguarded of £72,000.

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[1] GVA is measure of the total output of the organisation, the value added by the organisation to the goods and services it absorbs in the production process. In practical terms, this is measured by subtracting the value an organisation's purchases of goods and services (ranging from raw materials through to expenditures on property services) from the value of what an organisation produces (which can be approximated by the value of sales).

2. Future impacts on employment. The follow-up postal questionnaire was undertaken six months following organisation's initial participation in the IWP. Many of the process improvements delivered by organisations will take time to implement (and as highlighted, some participants were still at the planning stage with respect to some areas of improvement). Additionally, the effects of improvements may take time to arise, so it is likely that a focus on the economic impacts of the IWP to date understate the total effects of the project.

In order to capture potential future employment impacts of the Innovative Workplaces project, participants were asked to report whether they would recruit any additional workers over the next twelve months as a result of the improvements they made to their business. Two of the eight organisations reported that they planned to recruit a total of 13.5 workers in the next 12 months as a result of implementing process improvements, equating to a potential per annum GVA impact of £486,000 (again applying GVA per worker in the East Midlands of £36,000).

3. Increased productivity. Productivity is a measure of the output (GVA) an organisation can produce for a given level of inputs, and is typically measured by GVA per worker. GVA per worker might rise (among other reasons) if workers become more efficient or skilled, if organisations replace workers with capital equipment or machinery, or if organisations adopt more efficient production processes. Two organisations reported a (measured) growth in turnover per worker of £9,417 and £30,500, and applying the ratio of GVA to turnover in the East Midlands (34 percent) this equates to productivity growth of £3,201 and £10,374 per worker respectively. Aggregating this across each organisations number of workers gives an overall estimate of gross additional GVA through productivity gains of £567,000 (having applied the estimated average probability that productivity gains would not have been achieved without the changes made, but before applying the estimated project and support additionally probability).

4.5 Leakage, Displacement, Substitution and Multiplier Effects

In order to move from gross additional to net additional economic impacts requires consideration of leakage, displacement, substitution effects and multiplier effects:

- Leakage: this looks at how far the intervention has resulted in impacts leaking outside of the target area. All organisations participating in the project were based in the East Midlands, so there is no leakage of GVA impacts. 85 percent of participants' employees lived in the East Midlands, implying a leakage of employment impacts of 15 percent.

- Displacement: this is where improvements in the performance of assisted organisations come at the expense of those not receiving support, and for this project displacement was assumed to be in the region of 20 percent, in line with wider evaluation evidence of enterprise support initiatives in the East Midlands.

- Multiplier effects: where organisations are able to improve their performance through greater sales or productivity, they will consume more goods and services provided by other organisations based in the

East Midlands, generating wider economic impacts (supply chain multiplier effects). Equally, where individuals fill any jobs created as a result of the project or are able to increase their earnings as a result of becoming more productive, there will be further multiplier effects as they spend their additional income in regional businesses (induced multiplier effects).

Multiplier effects were estimated at 1.39 on the basis of the industrial profile of organisations receiving support from the Innovative Workplaces project.

4.6 Present Value of GVA Impacts

Table Twelve: Net additional economic impacts per annum

Impact	Gross additional economic impacts	Leakage	Displace ment	Multiplier effects	Net additional economic impacts
Employment impacts					
Jobs safeguarded	0.5	0.15	0.20	1.39	0.5
Potential jobs created	3.7	0.15	0.20	1.39	3.5
GVA impacts					
GVA safeguarded (£ per annum)	19,592	0.00	0.20	1.39	21,786
GVA created through productivity gains (£ per annum)	154,195	0.00	0.20	1.39	171,465
Total GVA created to date	**173,787**	-	-	-	**193,251**
Total potential GVA created (£ per annum)	**132,245**	**0.00**	**0.20**	**1.39**	**147,057**

Source: Ecorys analysis (Net additional economic impacts at the regional level are estimated as: Gross impact x Additionality x (1 – Leakage) x (1 – Displacement) x Multiplier Effects).

Estimates of the net additional economic impacts (per annum) of the IWP are set out in Table Twelve above. Total net additional GVA created or safeguarded (per annum) is estimated at £193,000, with a further potential £147,000 per annum created by November 2011.

The GVA impacts of enterprise support initiatives will grow and endure for a period of time, though in general, such effects are expected to decay at a certain point. The effects of enterprise support should be assumed to endure for three years, in line with guidance issued by BIS. The table below shows the projected time profile of GVA impacts (together with the present value of those impacts, applying the 3.5 percent value for social time preference recommended by the HM Treasury Green Book)[1].

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[1] The value of GVA is discounted to reflect a social preference for income today over an equivalent income in the future. The 3.5 percent discount rate suggests that society as a

Table Thirteen: Present value of GVA benefits

Year	Present value of GVA impacts created to date (£)	Present value of potential GVA impacts (£)	Present value of total GVA impacts (£)
2009/10	193,251	-	193,251
2010/11	186,716	142,084	328,799
2011/12	180,402	137,279	317,681
2012/13	-	132,637	132,637
Total	**560,368**	**411,999**	**972,368**

Source: Ecorys analysis

4.7 Return on Investment

Acas figures indicate that a total of £244,035 was spent delivering the IWP, and the project was estimated to have created economic impacts with a present value of £972,400. This gives an overall return on investment to public sector (in regional economic impacts) of £4 for every £1 of public sector expenditure. *emda* contributed £227,437 of total project costs or 93 percent of total public sector expenditure. In line with OffPAT guidance, it is assumed that 93 percent of the overall impact of the project (£906,232) is attributable to *emda*'s expenditure.

A total of £108,152 of costs represented project management and evaluation costs, which due to the pilot nature of the project are likely to reduce if replicated in the future. The table below provides ROI figures under scenarios in which these costs fall by 25 percent and 50 percent.

Table Fourteen: Return on Investment

Costs & ROI	Cost (£)	Economic Impacts (£s)	Return on Investment
Emda	227,437	906,232	4.0
Total public sector	244,035	972,368	4.0
Potential ROI for future replication of the project, if evaluation & project management staff costs reduced by:			
25%	216,997	972,368	4.5
50%	189,959	972,368	5.1

whole is indifferent between £100 of income (or costs) today and £103.50 of income/costs a year later.

Costs and benefits that have not been quantified

While this analysis suggests that the IWP has generated a positive return on investment over the short period over which impacts have been allowed to accrue, it takes a narrow economic view of the benefits of the project. There are a range of wider effects that would be considered in a full cost-benefit analysis of the intervention.

- Economic impacts: There are a number of economic impacts of the project that have not been quantified in this analysis, including productivity safeguarded and any future employee disputes and Employment Tribunal claims avoided in the future.

- Social impacts: There may also be a range of social benefits of improvements in HR processes over and above those described in the economic impact assessment.

- Project costs for the participating organisations: Estimates of return on investment outlined above do not factor in the costs participants incur in implementing improvements, such as management time.

- Disbenefits: Where the Innovative Workplaces has facilitated growth or raised productivity, there will be a range of social costs that are not captured in the analysis such as wider externalities associated with economic growth including the environmental impacts associated with greater utilisation of resources or congestion costs caused by more intensive use of transport infrastructure.

With regard to economic impacts not quantified, it should be noted that the present value of GVA impacts and return on investment figures that have been calculated only include economic impacts that could be specifically identified and measured in the course of the project evaluation using this framework. Further, it was only possible to attribute economic impacts to four of the eight organisations which took part in the final evaluation of the project (by using questionnaire answers given by the organisations). It is assumed that all other organisations had no economic impacts as a result of participation, when the true economic impact of these organisations is unknown. An economic impact of zero is, of course, not realistic – however, the report can only quote figures which have been reported and a cautious approach is taken and so estimated GVA impacts can therefore be considered a minimum return from this project.

SECTION FIVE – CONCLUSION

5.1 Why the Messages from the IWP Evaluation are of Value

The funding available for the IWP meant it could only be offered to a small number of organisations in the East Midlands. However, the project offers valuable insights and messages for similar future initiatives. A number of dimensions make the IWP especially interesting for wider application.

a) The project adopted an innovative approach by offering different forms of workplace support and development, including customised workplace facilitation, to the participating organisations.

b) Although the IWP programme lasted for a relatively short time, it was longer than many developmental or business interventions and was focussed at the workplace level.

c) The evaluation methodology was designed to ensure that a record was made of all changes that took place within the participating organisations over the life time of the project and six months after its core elements had ceased; and that lessons learned were captured from the perspective of multiple stakeholders.

5.2 The Project's Impact on the Participant Organisations

The evaluation identified that the IWP's major impact on the participating organisations had been improvements to workplace communication and employee engagement; identified as the key ingredient for riding 'the economic storm' in the results of the Sunday Times 100 best companies in 2010 (Sunday Times, 2010). There are recognised difficulties in defining what is meant by employee engagement; indeed MacLeod and Clarke in their 2009 review identified a plethora of different definitions which included a practitioner definition of engagement as 'when the business values the employee and the employee values the business.' (2009:7). This interpretation of employee engagement is probably the closest to the IWP participants' reported understanding of engagement during the evaluation. The key components of this definition, evidenced by the workplace changes during the IWP, were regarded as communication with and the involvement of the workforce, providing mechanisms for employee voice and adopting a joint problem solving approach.

These changes led to business benefits. The economic impact assessment of the IWP reported an overall minimum return on investment of £4 for every £1 of public sector expenditure and a measurable positive economic impact of approximately £906,000 attributable to the IWP's expenditure.

It was estimated that 50 percent of the productivity gains reported in the final survey data by the participating organisations would not have occurred without the improvements resulting from the IWP. The perception of respondents was that the project had improved productivity even though other factors, not least the severe recession for much of the project, meant that the reality for a number of the participating companies was a drop in turnover. Notwithstanding, the

message from the participant organisations was that the situation would have been considerably worse without their participation in the project; a perception that reinforced their commitment to continue to participate in the IWP if at all possible. The overall evidence from the IWP's outcomes is that it improved employee engagement can enhance performance which supports the conclusion of MacLeod and Clarke's (2009) review of employee engagement.

Multiple benefits were found to be associated with enhanced employee involvement. For example, managers reported that they found they could delegate more, and a frequently identified benefit was a reduction in the time they spent handling individual disputes. The economic impact estimated that the participating firms saw a reduction in the time spent on grievances, disciplinary sanctions and Employment Tribunal claims, issues which, as Gibbons (2007) observes, have significant costs for GB businesses. The introduction of improved or new mechanisms for employee involvement and consultation outlined in Section Three and the case studies stemmed from the Acas facilitation process. The evaluation revealed that, whilst these provided forums for improved formal communication with employees, they also led to improved informal communications. This was particularly identified in the smaller businesses but it was also reported where 'siloed' working or divisions between groups of staff had been the focus of an organisation's action plan. The evaluation findings do, however, lend support to the findings of Hall et al. (2009) that there can be particular business benefits of informality in approaches to sharing information and employee consultation in medium sized firms.

Tangible outputs from the project were evidenced by seven of the eight organisations reporting the implementation of at least one new or improved human resource procedure or process improvement. These were most frequently in processes for informing and consulting with employees and absence management and all had plans for future improvements following participation in the IWP. Other positive outcomes associated with improved employee relations climate (reported by the majority of organisations) included improvements in the management approach and increase in workplace morale and trust between employees and management since the IWP began. In two organisations which had undertaken recent employee surveys there were increased scores for employee engagement compared to surveys prior to the project. Respondents found it difficult to single out the extent to which reported improvements in workplace morale and levels of trust were due to the IWP although it was widely described by participants as having been the catalyst for the reported improvements. Where such improvements were not identified it was explained that there were other events negatively impacting on morale, for example, as already mentioned workplace redundancies or uncertainty about the organisation's future.

Forums for employee involvement had encouraged employees to contribute ideas and their views on a range of issues. These mechanisms emerged as a key factor in stimulating increased engagement in the IWP, supporting the findings of Truss et al. (2006: 39) that allowing people to feed their views and opinions upwards is the single most important driver of engagement. This had led to greater proactivity among some of the organisations' employees in terms of raising issues and contributing ideas even in areas that had not necessarily been anticipated in their initial action plans.

Although the evaluation revealed an increased commitment to an 'on going' programme of improvements as the project developed, there were concerns about sustaining the momentum without the project and fears that there could be a return to the situation prior the project. This was especially the case where individuals who had acted as champions for the internal projects had moved on or left the organisation.

The most positive outcomes from the IWP were consistently reported by the SMEs with less than 200 employees and there was also more uniformity of view across the respondents from these organisations of what had been achieved and the value of the IWP programme. This may be due to the greater visibility of improvements in smaller businesses and the ease with which these can be communicated. Another explanation may lie in less previous take up of other sources of external support because of the costs involved.

5.3 Developing Management and Leadership Skills

One of the keys aims of the project was to improve business performance through the development of essential management and leadership skills primarily through 'cascading' the gatekeepers' learning to others in their organisations. The final evaluation revealed that the majority of respondents felt this had happened partly or to a large extent both through the gatekeepers. The additional input of Acas short courses provided to others in the organisation also contributed to this. The workplace benefits resulting from the development of these skills were again reported most positively by the smaller businesses. This could be partly due to the roles of the gatekeepers being more central within these organisations so they were better placed to both share and apply their learning or because of less previous development of these skills. It was the case that some of the larger organisations felt that the programme did not offer them much that was new in this area but this is not to suggest that they were of the view that these skills did not require further development.

Whilst part of the criteria suggested to the participant organisations for selecting their gatekeepers was that they should be proactive individuals who 'would get things done', the evaluation's findings revealed that in order to drive workplace changes forward, the level of responsibility and job status of the gatekeeper were important factors; this is an issue for consideration in any similar future projects.

For all the gatekeepers the project provided an opportunity for considerable personal development as reported in Section Three. In some instances individuals had benefited significantly but it did depend on the background, prior knowledge and (as mentioned) the job status of the gatekeepers. Whilst some felt the learning they had gained from participating could not be immediately applied in their current roles, all anticipated that this would be of benefit in the future. There were also reported wider benefits for some of the gatekeepers such as improved self confidence, enhanced organisational knowledge, working collaboratively outside their own area and the networking relationships they had developed with participants from other organisations.

5.4 The Value of the Different Elements of the IWP

Perceptions of the value of each element of the programme varied for each organisation and the gatekeepers' perceptions depended on what they were seeking from the project. The need to accommodate this diversity was recognised by UKWON and had informed the design of the elements they provided. Their stated initial aim was to '*ground pre-existing knowledge in the task at hand*' for gatekeepers with prior knowledge and experience *and 'to provide sufficient actionable knowledge on employee involvement and participation*' for those with less knowledge and experience. The evaluation evidence suggests that this was largely achieved but it was essentially the combination of the different elements of the overall programme that had led to the final outcomes from participation in the IWP. In practice, each organisation took what it needed at different times from the project.

Although the impact of the project stemmed from the 'sum of its parts', by the time of the final evaluation it emerged that the customised Acas facilitation process was regarded as particularly useful in terms of its contribution to the final outcomes. Perceptions of the value of the facilitation element of the programme did increase with time, possibly when it became more apparent what it had provided. This may explain why some participants wished they had made more use of their facilitator before the facilitation process ended and they would have done so if they had realised earlier what it could offer. The majority of gatekeepers reported that they would have liked continued support from an Acas facilitator but only those from larger organisation felt that there would be a willingness to pay for this if there was evidence that it clearly improved performance.

There were areas of this provision where the Acas facilitators themselves identified the need for changes in any future programmes. These can be summed up as: ensuring their earliest possible involvement; having initial terms of reference agreed with senior management in place before workplace projects began to provide the focus and clarity essential to progress; facilitators having access to additional support when difficulties arose; and strategies to deepen and widen facilitation capability among Acas advisers. The evaluation findings support the view that the facilitators need to be involved at the earliest stage, and that senior management support in workplace projects is critical. The need for clarity about the aims of workplace projects also emerged as important as did the significance of the facilitation element being well integrated with the other elements of the programme. The evaluation also identified that the IWP's facilitation element provided a unique opportunity to support the embedding of the Acas Model Workplace's principles into an organisation and provides further evidence that Acas activities can bring longer-term improvements to the employment relations climate (Meadows, 2007:3).

The participant network events were highly valued for the network opportunities they provided to the gatekeepers and the action learning element of these days provided the means of sharing progress and problems, testing out thinking with others and learning about the approaches of other organisations. These were identified as key benefits of the IWP by a number of gatekeepers. Whilst the IWP's aim was to have as diverse a range of organisations as possible, this did lead to some gatekeepers reporting that it was difficult to transfer their learning

about the practices of other participants on the IWP because their organisations were so dissimilar in size, their product or service.

Whilst gatekeepers reported that there was always some value for them in attending network events, a number wanted more structure and clarity about the action learning sets. It was also suggested that some input from organisations in the same sector or industry would have been a benefit, for example, as a mentor or coach to participants from organisations in the same industry. It is also worth noting that the delivered inputs from leading speakers and practitioners were particularly highly rated by participants as illustrated by the feedback on the launch event; more such inputs could be considered for future programmes.

One question explored by the evaluation was whether the same support as provided by the IWP could have been obtained from another source. It was the respondents in managerial roles who reported that this might be the case but this was not the opinion of other respondents who shared the view that this would not have happened and that the changes would not have occurred without the project. The evaluation findings offers little in the way of insights into what fees could be charged for future similar projects other than a clear finding that only the larger organisations felt this would be a possibility but that this would depend on the economic climate, their ability to pay and clear evidence that such a project would increase turnover. Despite consistently identifying the most benefits from their participation in the IWP, the smaller organisations reported that it was very unlikely that they would be able to pay for such a programme. Notwithstanding, all the participants identified that if they were to consider such a project in the future, it would be important to them that it was provided by Acas on the grounds of its neutrality, reputation and that it offered a 'well respected quality Kite mark'.

The overall conclusion that can be drawn from the evaluation evidence is that the IWP led to improvements in all the participating organisations particularly in communication and employee engagement which in turn, had positive performance outcomes. To varying degrees, the IWP met its objective of developing leadership and management skills among its participants and it proved to be a vehicle for the identification of skills gaps in a number of individual organisations. It was successful in introducing improved arrangements for employee involvement and employee voice resulting in many of the benefits associated with good employee engagement. Whilst the project was small in nature involving just ten organisations, it resulted in a positive return on investment; for every £1 spent on the project IPW generated £4 of direct benefit to the regional economy. But the key message that can be drawn from the IWP's evaluation is that similar future projects, customised to meet the needs of individual organisations, would offer valuable support to those organisations where employers are seeking to engage their work forces and work collaboratively with them to improve efficiency and changes to their working practices.

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Appendix A: Case Studies of the IWP Participating Organisations

1. Brush Electrical Machines (BEM) Ltd

The Organisation

Brush Electrical Machines Ltd (BEM) is a manufacturer of generators for steam and gas turbines based in Loughborough, Leicestershire with 800 employees at the start of the project. Other separate Brush plants also occupy the site. Along with its current sister company in the Czech Republic, BEM is the world's largest independent manufacturer of turbine generators. Prior to the project, a takeover had led to a new management which had instituted 'lean production' system resulting in a series of redundancies. There were further redundancies during the project due to BEM's merger with a Brush Transformers plant at the site which had previously been under separate ownership. Rationalisation occurred across the two companies resulting in a new round of redundancies and, by the end of the project, BEM had a workforce of 700.

The company's nominated gatekeepers were a Business Analyst and a Senior Unite Trade Union representative. Participation in the program was first suggested by a full time Unite Official and was the only case where a gatekeeper was also a workplace union representative.

The Issues

Following the change of ownership, the company's aim in participating in the project was to improve morale, trust and employee engagement. It was hoped that its participation would assist BEM to become a more innovative work organisation and reduce resistance to change. In particular, the takeover, change in management and other changes had resulted in low employee morale which was reflected in a disappointing response rate in an employee survey in 2009. The union felt that poor communication, in addition to the issues of change and ownership, had contributed to the lack of trust and poor morale. At the time of joining the project, the company's particular concern was that, whilst the workforce was highly skilled, there was a need to develop a less functional, more process driven perspective among the workforce to take the organisation forward.

Action Plan

The initial action plan aimed to improve two way communication across the site through establishing focus groups to allow the workforce to "*feel valued, heard and motivated.*" The involvement in the project was initiated by employees at BEM feeling that they, together with middle managers, were not being listened to following changes in senior management arising from a series of takeovers.

The Outcomes

Initially the program was very successful with the establishment of a steering committee and eight focus groups, each of ten employees, to improve lateral communication across the site. Whilst employees reported feeling undervalued, a lack of communication and poor handling of redundancies, there was also continuing pride in the Company's history and its products. The final evaluation revealed that the production of a newsletter had improved communication across the plant. The employer further identified that the company's increase in

productivity and its ability to ride out the recent economic downturn could, in part, be attributed to its involvement in the project. But the final evaluation also revealed resurgence of division between management and employee representatives and the absence of any gatekeepers to take the project forward. One of the gatekeepers, the senior shop steward, withdrew from the programme following the breakdown of pay negotiations and concerns about his role as a gatekeeper whilst the other, a business analyst, left the organisation for employment elsewhere towards the end of the project. Notwithstanding, both parties viewed the project itself very positively and, in particular, the contribution made by Acas. A recent round of redundancies has been an impediment to improving levels of workplace trust but senior management's view is that the situation would have been far worse without involvement in the project.

2. Caterpillar Logistics

The Organisation

Caterpillar Logistics is a wholly owned subsidiary of Caterpillar Inc. which provides third party warehousing and distribution, and other services. It has a workforce of 600 employees in the East Midlands. In late 2007 Caterpillar, the USA based company, took over the Hinckley site from Quinton Hazell (QH), a company distributing spare parts to the motor industry which remains the Hinckley sites main client. Around 130 QH employees were the subject of a TUPE transfer to Caterpillar Logistics although 90 employees remained in the employment of the client organisation on the Hinckley site. A further 20 Caterpillar managers and other salaried staff moved to the Hinckley site as a result of the takeover. Caterpillar has three other sites in the region although these are predominantly concerned with manufacture rather than distribution. As a result of these changes in ownership in 2007, the site employs a mixture of Caterpillar management, including an HR manager who provides services to three other local Caterpillar sites, transferred QH staff and a significant number of external staff. The two nominated gatekeepers were the Logistics Centre Manager and an HR Manager who had responsibilities across the three other Caterpillar sites in the region. The Logistics Centre manager left the site towards the end of the project to work in South Africa.

The Issues

The site was a mixture of rather different business and working cultures. At the time of applying to take part in the project, issues of communication at the Hinckley site had been identified as being aggravated by the presence of different cultures resulting from the takeover. Previous US ownership had led to employees losing participation in a share scheme and pension entitlements. This was seen as contributing to workforce scepticism about organisational change, new ideas and initiatives. Furthermore it was felt that a lack of trust in Caterpillar existed among employees who had been involved in the TUPE transfer. The new management spent a year introducing Caterpillar systems, including 'continuous improvement' under the Caterpillar Production System, but found that whilst the metrics for the site were comparable with other company sites, it scored significantly lower on measures of employee engagement. For example, in response to a question asking if they would recommend someone to come and work at the organisation, a large percentage of employees had answered that they would not.

The Action Plan

The action plan proposed introducing measures to increase the employee engagement score in the company employee survey by 10 percentage points, from the original 62% to 72%. However it was recognised by management that the poor score for engagement in the employee survey reflected deeper issues which reflected the divided culture at the Hinckley site.

The Outcomes

An initial series of employee focus groups organised by the Acas facilitator was reported as cathartic in raising employee concerns across both day and night shifts. The Acas facilitator used the outcomes of the focus groups to produce a report for management and employees. A more flexible approach was quickly

adopted by managers in their application of the sickness absence policy and the absence policy was amended accordingly. An employee forum was established and, other than a short lapse resulting from changes in management, this has met monthly.   An employee survey was carried out in January 2010 which indicated a 10 percentage point improvement in the engagement score, the immediate target of the action plan. Further improvement is anticipated in the annual company survey to be carried out in early 2011.

3.   The Health Store

The Organisation

The Health Store is a co-operative wholesale and distribution centre for health foods with a production unit producing its own label dried goods. It has been trading for over 77 years and is one of the leading health food wholesalers in the UK supplying stores throughout the UK, Ireland and many parts of Europe. It has a workforce of 102 employees. The numbers employed did not change during the project. The Operations Director and the Warehouse Manager were the Company's selected gatekeepers; although the Warehouse Manager left the programme at its outset, he remained highly involved and committed to the project as it developed.

The Issues

The market pressures on the company are considerable. 12 competitor wholesalers have ceased trading in recent times and, at the time of applying to join the programme, the Company had identified the need to find operational efficiencies and to increase sales to sustain the business. It had identified that to maintain and grow the business required team work and, in particular, employee engagement, across the workforce, with the direction and priorities of the business. It also recognised the value of trained managers who were effective communicators and understood employees' concerns. The programme was seen as a means of developing a 'forward thinking workforce able to contribute to the future of the business'. Due to the growth of the business, The Health Store had moved to purpose-built, larger premises in 2007. This move brought with it significant change not least to the close working arrangements that had been a feature of working practices and employee relations at the previous site. When the programme began, workforce morale was identified as generally poor compared to what it had been when the company had been a smaller operation at its previous premises.

The Action Plan

The main objective of the company's action plan was to increase employee engagement through better two way communication. The view was that more effective and open dialogue between management and staff would mean that staff would be better informed, able to share their concerns with managers and more likely to put forward any suggestions they had for improvements to working practices. It was intended to achieve this by establishing consultative processes within the organisation and by appointing elected staff representatives. The scope of the initial action plan was adjusted and the project was implemented as a pilot in The Health Store's operations department which is its largest department and includes both production and the warehouse.

The Outcomes

By the time the formal programme ended in April 2010, two employee representatives had been elected by the workforce and trained by Acas; joint management and staff forum meetings had been established in the production and warehouse areas and employee representatives were attending monthly management team meetings. The momentum continued and six months after the project had ended, the final evaluation revealed improved morale and relationships between management and operations staff and, over a 12 month

period, reduced absenteeism. There had been a very significant fall (77 percentage points) in instances of formal disciplinary action and numerous examples of improvements to working practices as a result of suggestions made by the workforce. Possibly reflecting the size of the company, these changes were identified as being largely due to better informal communication and a greater openness between staff and management but the formal consultative processes that had been put in place were being used where this was felt to be appropriate. As the company is about to embark on a major change programme in its operational system, it feels it is better equipped to face the challenges that this will present as a result of its participation of the project but views it as a process of continuous improvement.

4.   Liquid Control

The organisation

Liquid Control Ltd (LCL) is a private company (whose owner lives in Dubai) and is one of a group of companies known as the KK Group. It designs, builds and supplies standard and custom built machines for processing (metering, mixing and dispensing) single and multi-component liquids/pastes which are used in a wide range of manufacturing processes. The company is also a distributor of a number of products which can be used in the systems it provides or as 'stand alone' dispensing products. The main applications covered are: - Structural Bonding, Sealing, Vacuum Encapsulating, Potting, Moulding, Casting, Resin Infusion, Resin Injection, Laminating, Filling and Packaging. At the beginning and the end of the project, Liquid Control Ltd employed 20 people in the UK; all based at its operations in Wellingborough with the exception one service engineer working from home in Scotland. Two people were made redundant during the period and they have taken on a new apprentice and a new Laboratory Supervisor. The nominated gatekeepers were the Service Manager and the Technical Manager.

The Issues

At the time of applying to join the project, the company was seeking ISO9001 Certification and looking for ways to improve the way the business was managed. After years of stagnation in its management and working methods, its management had identified that to achieve the productivity and efficiency gains needed to sustain the business, it was vital to ensure that that workforce was supportive and engaged with changes in working practices and played an active role in developing the business for the future. The company has an ageing workforce, many of whom have long service and there is a perceived resistance to change which has been exacerbated by the company being sold three times in five years in recent times.

Historically, decisions had been made by just a few individuals in the business without the involvement of the workforce. It was recognised that to grow the business, the workforce needed to be involved in decisions about 'what, when and how' things were done, and it was known from experience that change is not always readily accepted, even if it is recognised as being for the benefit of all concerned.

The Action Plan

The initial Action Plan was specifically to:

- To provide training where necessary so that employees can multi-task

- To employ apprentices to train up and fill the gap left by those employees who will shortly be retiring

- To obtain ISO 9001 by the end of 2010

- To undertake a Stress Questionnaire amongst employees.

The Outcomes

There have been a number of outcomes relating directly to the initial Action Plan including the conduct of a Skills Analysis of employees to identify training needs. As a results of the Skills Analysis, the company made two people redundant but also employed a new apprentice and a new Laboratory Supervisor. As a result of the training needs analysis, approximately 50% of the staff have now completed NVQ level 3 courses, ranging from computer/electronics skills, to customer service and management skills. In terms of employee communications/engagement, the Acas facilitator was instrumental in the implementation of an Employee Engagement Survey, the results of which were mostly positive. Focus groups were held to discuss findings and there were some issues raised around communications and training and development, which are being addressed. For example, they have introduced development appraisals for everyone in the workforce and quarterly company meetings to keep everyone informed. The process of achieving ISO 9001 status is on-going.

As well as the above, the company specifically identified that the following outcomes have been undertaken as a result of the project:

• Various areas have been identified, such as Departmental Structure, Product and Facilities, for working parties of employees to meet and produce recommendations for improvement within these fields;
• One employee has received IOSH training to become a competent H&S Officer;
• A member of staff from each department has become a Fire Warden/Officer;
• Organised quarterly presentations by external personnel are taking place across the company to improve health awareness;
• Weekly departmental meetings have been introduced to de-brief on the previous week and discuss work-loads for the forthcoming week;
• An additional apprentice is to be recruited.

5.   NHS East Midlands Strategic Health Authority (SHA)

The Organisation

NHS East Midlands is the Strategic Health Authority (SHA) providing leadership of the NHS provision for the region's population of 4.3 million spread across the counties of Derbyshire, Leicestershire and Rutland, Lincolnshire, Northamptonshire and Nottinghamshire. Overseeing a budget of £6 billion, the SHA helps to ensure that local health systems operate effectively and efficiently for the population. Established in July 2006 the SHAs have specific responsibilities for relaying and explaining national policy, setting direction and supporting and developing the region's NHS Trust bodies. At the commencement of the initiative, the East Midlands SHA had a workforce of 350 employees spread across three sites including the Headquarters located in Sandiacre, Nottinghamshire. There were originally two gatekeepers the Planning & Projects Workstream Lead, IM&T and the Business Manager, Public Health. This latter gatekeeper went on maternity leave during the course of the project.

The Issues

The organisation sought to improve workforce flexibility and to take greater account of employees' views, including any issues or concerns so promoting a greater sense of fairness and consistency. It was believed that this could be achieved by maximising the benefits of the Electronic Staff Record (ESR) system, in particular by transferring the information ownership to the individual so providing higher quality information. This was to be achieved through the implementation of an innovative Self Service functionality adhering to governance standards in relation to information access and data protection. The Oracle Learning Management System (OLM) would be available through both Management and Employee Self Service. Consequently, there was a need to train all staff to be able to access the corporate Knowledge, Skills and Competencies database (OLM), so enabling all employees to access their learning and development details, and book themselves on internal courses with the authorisation of their line managers.   Such a change to organisational practice, it was perceived, would increase feelings of value amongst staff as they become increasingly responsible for their training and development. This in turn would assist the organisation move towards a culture where everybody would be encouraged to learn new skills which would help identify goals which might contribute to the organisation's vision.

The Action Plan

The action plan envisaged maximising the ESR by transferring personal information data ownership to the individual so enhancing the provision of high quality information. It was believed that this change in working practice would boost employee engagement through better communication in turn improving workforce flexibility. Part of the project's objectives were to enable managers to maintain relevant personal information regarding their employees in such areas as absence, terminations and personal details so reducing levels of information handling. The action plan envisaged that increased employee utilisation of the new system and its enhanced reporting facilities would enable more timely recording of absence which in turn would enable managers to more effectively manage both levels of absence and its cost. Maximising the utility of the ESR

would also devolve access, provide more rapid authorisation of information and reduce paper based transactions in turn resulting in a reduction of labour intensive administrative duties in both Payroll and HR. The action plan highlighted the need to integrate the Acas IWP with the wider SHA ESR project. It was anticipated that the Acas project would facilitate the Gatekeepers (within this wider project) to help engage staff and to secure buy-in throughout the organisation and support the effective and efficient utilisation of the ESR system being introduced. The gatekeepers were operating in two pilot areas which would increasingly be looking to enhance engagement of staff and line mangers with the new ESR system. Consequently, it was identified at an early stage in the project plan that communication was a key issue and this became the critical focus of the internal project and facilitation process.

The Outcomes

By April 2010 significant progress had been made. Following some early communication difficulties encountered as a result of the involvement of so many different stakeholders, the ESR system became operational. Acas' involvement led to the facilitation of a number of focus groups of end-users which enabled all 'voices' to be heard and this employee participation reshaped training and development initiatives which assisted the implementation of the ESR System. Six months following the end of the project an increasing number of employees were beginning to engage with the ESR up-dating their own personal data. This has had three major effects: staff took greater ownership of their data and their personal development, HR information is more accurate, and data handling has become more efficient. This has led to improved reliability, productivity and efficiency in the handling of personal data.

6.   Northampton College

Northampton College is a provider of Further and Higher Education to some 12,000 learners. 4,500 of these are full-time students predominantly 16-19 years old. The remainder are predominantly adult learners taking vocational and professional qualifications. A small area of the college is concerned with the higher education providing qualifications in Leadership & Management to middle and senior managers at levels 4 to 8 (HND to PhD). This unit also works with employers through organisational-development programmes and provides consultancy and leadership coaching. At the commencement of the project, the College employed 1003 staff (404 FT and 599 PT) At the conclusion of the project it had a workforce of 1039 staff (374 FT and 665 PT). The college operates across four sites, Booth Lane (Main Site), Lower Mounts (HE campus), Daventry campus and Westbury Court (the Business Centre) all in Northamptonshire. The Manager for Professional Development (Leadership & Management) and a Management Lecturer and Part-Time Co-ordinator were chosen as the selected Gatekeepers for the project.

The Issues

As a result of an Ofsted inspection in April 2009, the College was graded at an overall level 3 (Satisfactory). The College has a strategic vision to become an Outstanding Grade 1 college by 2013. In order to achieve this its senior management had identified that there was a need to achieve a culture change from 'satisfactory is good enough' to one which promoted excellence across the range of its activities. There were three major strands of the college's strategy to become Grade 1 which were relevant to the IWP. These were: to raise teaching standards, develop leadership and management capability; to provide clear direction and better mentoring, coaching and support for staff; and to radically improve any areas of 'failing provision' as measured against the benchmarks of the national FE 'Success Rates'. An additional challenge for the college was that, at the time of joining the project, it was in the early stages of demolishing and rebuilding its main campus without temporarily relocating its operations

The Action Plan

The Action Plan at the outset of the project centred around a Leadership and Management Development Programme, which had begun in October 2009. This had been designed to develop capability in leadership and management. A further Action Plan (see below) relating to the issue of employee engagement emerged as a result of participation in the project and this led to the Acas facilitation element of the programme continuing for longer than at other participating organisations.

The Outcomes

The Acas facilitators held a number of diagnostic workshops involving functional groups which included representatives from the trade unions. These workshops were based around the results of a Staff Engagement Survey in 2009 which identified that employee engagement was fundamental to the college achieving the culture change it was seeking. A pivotal point for the project was when the connection was made between the Leadership Programme and the survey's employee feedback on issues of leadership and management. Considerable progress has been reported in the development of leadership skills, and their application to achieve performance improvements, among college managers at all

levels. In terms of employee engagement there have been a number of outcomes which are on-going. A further Action Plan has been developed between senior managers and representatives from the two main trade unions following a joint meeting facilitated by Acas. This addresses issues of employee consultation, communications, student behaviour and teaching/learning observation. The action plan agenda is being addressed by different task groups. Two joint problem solving training sessions are to take place for the managers and staff who are taking part in Task Groups.

7.   Pendragon Contracts and National Fleet Solutions (Derby)

The Organisation

Pendragon PLC is the UK's Leading Automotive Retail Network. The automotive retail outlets trade as Stratstone, Evans Halshaw and Chatfield's, offering a large selection of new and used vehicles. These brands represent over 20 franchises for passenger vehicles, motorcycles, commercials and trucks operating from over 300 retail sites. Pendragon Corporate Division embraces Pendragon's Contract Hire and Pendragon Fleet Leasing business in the UK. The Division is located in Derby.   At the commencement of the project Pendragon Corporate Division employed 98 team members (38 males and 60 females). At the conclusion of the project team member numbers had reduced by 7 to 91 in total. Pendragon's Employee Relations Leader and Customer Services Director were the company's selected gatekeepers.

The Issues

The primary business of Pendragon Corporate Division is client account management and building relationships with external customers.   The increasingly adverse economic climate had severely impacted the industry, and Pendragon Corporate Division had been subjected to a series of restructures and redundancies. Consequently, team members had experienced a number of changes, both structurally and to their own roles and responsibilities. This had left a lot of team members with feelings of unrest and uncertainty regarding their future job security (sometimes referred to by employees in the company as 'survivor syndrome'). It was believed that this uncertainty had led to some team members becoming disengaged, which in turn was having an impact on their personal performance. Given the importance of client relationships, management believed that team members who were disengaged would adversely impact the external perception of the Division and ultimately adversely impact the overall financial state of the organisation. The opportunity to participate in the programme was seen as a possible catalyst to addressing the engagement issue; would be an opportunity to set the foundations of better employee relations for the Contracts Division going forward; and provide a chance to develop approaches to engagement which could be utilised across Pendragon PLC.

The Action Plan

Consequently, the focus of the Corporate Division's action plan was 'to increase business performance through improved team member engagement'. It was believed that the project provided an opportunity to improve team member engagement, encourage better team participation and departmental interaction so increasing customer service.

The Outcomes

By the end of the project in April 2010 Pendragon Contracts had established a team member forum. Initially this forum was facilitated by Acas but later became self-facilitating. This forum agreed and instituted beneficial changes to a number of what the gatekeepers called 'house keeping policies' relating to such issues as an equitable car parking protocol, and the standardisation of the no-smoking policy. The successful implementation of these changes paved the way to enhanced more challenging issues such as improved team member communication throughout the Division. A number of team building events were

held to meet this objective and improved team member's engagement. Team leaders had begun to meet on a monthly basis and a more recent employee engagement survey displayed improved results. This enhanced communication and engagement provided the confidence for the Division to resume their customer service survey and gain commitment from other divisions to begin a similar project internally. Six months following the end of the project increased employee communications and engagement was helping the Division face the severe economic climate. With imposed structural changes and changes to personnel, the perceived challenge going forward appeared to be sustaining the achievements made so far.

8.   Thorpe Kilworth

The Organisation

Thorpe Kilworth was a designer, manufacturer and installer of high quality furniture for education, laboratory and health care establishments with 116 employees at its site in Corby, Northamptonshire. The company's nominated gatekeepers were its Organisational Development Manager and Production Manager.

Throughout the duration of the project, the company experienced difficulties which resulted in short time working and redundancies. This was largely due to the seasonal nature of its work and the unexpected loss of work from major clients despite existing agreements. As a result, the headcount reduced to 80 employees during the project. A combination of cash flow problems and delays in clients confirming contracts culminated in the company going into administration in June 2010. As it had completed the IWP, it continued to be included in the evaluation process. Since then, 27 former employees have formed a co-operative company known as Thorpe Learning.

The Issues

The company had identified that it needed to be more responsive to changes in the market place and to the needs of its clients. It was seeking to increase workforce versatility and flexibility so that individuals could be moved from one process to another in order to meet fluctuations in demand. This required employees to develop their skills and to be more adaptable in client facing situations, as well as in project management, design, manufacture and installation. In addition, the company was aware that they needed to improve its competitiveness by maintaining quality and reducing waste and inefficiencies

The Action Plan

The aim was to improve the company's competitive edge by maintaining quality but improving manufacturing efficiency with the key objective of having all materials and consumables ready and clearly identified for manufacture. This particularly involved:

- Obtaining relevant information for production in a timely fashion

- Reducing double handling and other efficiency losses

- More consistency in design for manufacture

- Ensuring the delivery of all relevant materials to meet production schedules on as near to a 'just in time' basis as possible

- Implementing relevant revised procedures with relevant training

- Measuring before & after for cost-benefit analysis.

A key element of the action plan was to improve employee engagement in a workforce viewed as loyal and responsive but with concerns about changing long established ways of working. Improving two way communications was seen as essential so that the workforce understood and was committed to the changes in the business.

The Outcomes

By May 2010 before the company went into administration, a significant amount of the action plan had been achieved. Elements of lean manufacturing had been introduced and the Stores area had been re-organised resulting in improved security, improved facilities and better stock control. Throughout this re-organisation there had been employee participation. A cross-functional working party had been established to identify some of the weaknesses of the current stock system. Acas facilitators had run a workshop for the company on joint working/problem solving, and an employee engagement survey had been developed. Six team leaders from staff in manufacturing and the office had been appointed with a supporting training programme and the existing six employee representatives had been trained. The reconstituted Staff Consultation Forum highlighted numerous problems and inefficiencies such as the lack of standard procedures and poor team-working. These issues were in the process of being addressed prior to the closure of the business.

Appendix B: Acas short courses provided to participants

Innovative workplaces – *emda* project
Training events

Meetings, Consultation & Forums – some useful basics
Tuesday 9th March 2010

Represented

Organisation	Number of attendees	Gatekeepers
SHA NHS East Midlands	2	2
The Health Store	1	1
Thorpe Kilworth	2	2
Mahle	1	1

Having Difficult Conversations
Wednesday 10th March 2010

Represented

Organisation	Number of attendees	Gatekeepers
SHA NHS East Midlands	1	1
Thorpe Kilworth	1	0
Mahle	2	1
Pendragon	2	0
Caterpillar	2	1

Having Difficult Conversations
Friday 12th March 2010

Represented

Organisation	Number of attendees	Gatekeepers
SHA NHS East Midlands	1	1
Thorpe Kilworth	3	1
Pendragon	3	0
Liquid Control	2	2
The Health Store	1	1

Facilitation Skills Training
Tuesday 13th July

Represented

Organisation	Number of attendees	Gatekeepers
SHA NHS East Midlands	1	1
Thorpe Kilworth	3	1
Pendragon	2	0
Liquid Control	2	2
The Health Store	1	1
Caterpillar	2	0

Developing Mediation Skills
30th September, 1st October and 7th October 2010

Represented

Organisation	Number of attendees	Gatekeepers
SHA NHS East Midlands	1	1
Pendragon	2	1
Liquid Control	2	2
Caterpillar	2	1

In addition some facilitators delivered in-company training as follows:

- Pendragon - Essential Skills for Supervisors; Training for Workplace reps

- Caterpillar - Training for Workplace reps;

- The Health Store - Training for Workplace reps

Appendix C: Anderson's Evaluation Model

Model of Value Contribution Evaluation – Anderson (2007)

Learning Function Efficiency Measures	Return on Expectation Measures
Focus on assessing efficiency and effectiveness of the learning function. Although the term 'learning function' is often taken to mean a specialist department, the term can equally well be used in a wider sense to refer to 'the body of Learning and Development activity that has to be provided for an organisation and the people most directly responsible for that provision' (Harrison, 2005:206).	Focus on assessing the extent to which the anticipated benefits of the learning investment have been realised. Key questions underpinning a return on expectation approach are: What were the original expectations of organisational stakeholders for the learning or training? Have those expectations since changed? What changes have occurred as a result of the learning process? To what extent have stakeholder expectations been met?
Return on investment measures Focus on assessment of the benefits of specific learning and training interventions compared with the costs incurred. They may also involve an assessment of the pay back period for specific learning or training investments. Key issues here are the extent to which learning is directly contributing to the achievement of defined performance targets.	Key performance indicators and benchmark measures Focus on the more general evaluation of HR processes and performance through a comparison with key performance indicators or external standards of 'good practice' or 'excellence'. These approaches may be undertaken as a one-off' but are more useful when treated as a continuous process in which the organisation continually seeks to challenge and improve its processes.

Source: Anderson, V. (2007) *The value of learning: A new model of value and evaluation, CIPD Change Agenda series*, London: Chartered Institute of Personnel and Development.

Innovative Workplaces – Economic Impact Assessment

December 2010

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1.0 Introduction

This report sets out the economic impacts of the *emda* funded Innovative Workplaces project that was delivered by the Advisory, Conciliation, and Arbitration Service (Acas) between 2009 and 2010. The analysis is designed to provide an estimate of the impacts of the project on participating organisations in terms of employment and GVA that is aligned with the principles set out in *emda'*s evaluation toolkit. The analysis draws on a survey of participating organisations undertaken by Nottingham Trent University (who are undertaking a full evaluation of the project for Acas).

1.1 Innovative Workplaces

The 'Innovative Workplaces – Developing Organisations' is a project aiming to improve the performance of workplaces through greater employee involvement and engagement, and improved workplace practices and procedures. Ten organisations from the public and private sectors in the East Midlands initially participated in the project. Each received a bespoke package of support from senior Acas advisors and the UK Work Organisation Network (UKWON). The project has involved addressing a range of organisational issues, including:

- boosting employee engagement;
- improving communications processes;
- improving morale and motivation;
- managing change and restructuring;
- workforce flexibility;
- performance management and measurement; and,
- innovation and adaptation.

As well as guidance and support from Acas, the ten participating organisations also benefited from an accredited management training programme, and peer support from fellow participants. The combination of networking support, facilitated by UKWON, coupled with on-site practical help from Acas, was designed to help participant companies to address some of the difficulties that have held back performance. Eight of the participating organisations ultimately completed the programme.

1.2 Analytical Framework

This section sets out our analytical framework for assessing the economic impacts of the Innovative Workplaces project in terms of net employment and GVA created and safeguarded. The Innovative Workplaces is expected to generate economic impacts through the following mechanisms:

- **Implementation of improvements to workplace processes:** The programme of support provided to participating organisations was designed to encourage them to implement and deliver improvements to their HR and other related workplace practices.

- **Gross changes in performance:** Over the period following the implementation of improvements, the organisation may see the performance of their business change. This could encompass either growth

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or decline in their sales or turnover, or changes in the productivity of their workforce. These changes will also be reflected in terms of:

> ► **Changes in GVA:** GVA is measure of the total output of the organisation, the value added by the organisation to the goods and services it absorbs in the production process. In practical terms, this is measured by subtracting the value an organisation's purchases of goods and services (ranging from raw materials through to expenditures on property services[1]) from the value of what an organisation produces (which can be approximated by the value of sales)[2]. Changes in GVA can be driven by the following:
>
>> ➢ **Changes in GVA driven by sales growth:** If demand for an organisation's products or services increases, then the organisation will need to produce more of those products or services to satisfy that demand. Other things being equal, the organisation will need to employ further workers in order to deliver greater levels of output, resulting in impacts on employment, with the converse applying if demand for the organisation's output falls.
>>
>> ➢ **Changes in GVA driven by productivity growth:** Overall GVA may also increase or decrease without changes in employment levels through changes in productivity, i.e. the levels of output that each worker in an organisation is able to produce over a given period of time. This could occur through workers themselves increasing their skills or being organised more efficiently, but also if the organisation is able to produce similar levels of output while using less goods and services produced by other organisations (i.e. reducing their cost base).

- **Additionality:** The objective of the economic impact assessment is to estimate the share of gross changes in performance outlined above that can be attributed to the support provided through the Innovative Workplaces project[3]. There are several dimensions to consider:

> ► **How far participants would have taken up a similar alternative source of support:** In the absence of Innovative Workplaces, participants may have taken up similar support if it was available from another source, provided by the public or the private sector. If this is the case, then it is likely that the organisations would have implemented similar improvements to their processes (providing the quality of the advice was comparable), resulting in similar outcomes.
>
> ► **How far organisations would have implemented process improvement without support:** There is also the possibility that the support provided encouraged organisations to implement improvements that they would have undertaken anyway.

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[1] Utilisation of capital items, such as computers and machinery for example, is accounted for under the alternative measure Net Value Added, which also adjusts for the depreciation of those items over their normal working lives.
[2] Valuing the output (GVA) of public sector organisations is typically more challenging as such organisations generally do not provide products or services that are traded in the market, creating difficulties in estimating the value of those products and services.
[3] Deadweight can be seen as the reverse of this concept, referring to the gross changes in performance that *would* have occurred in the absence of the project.
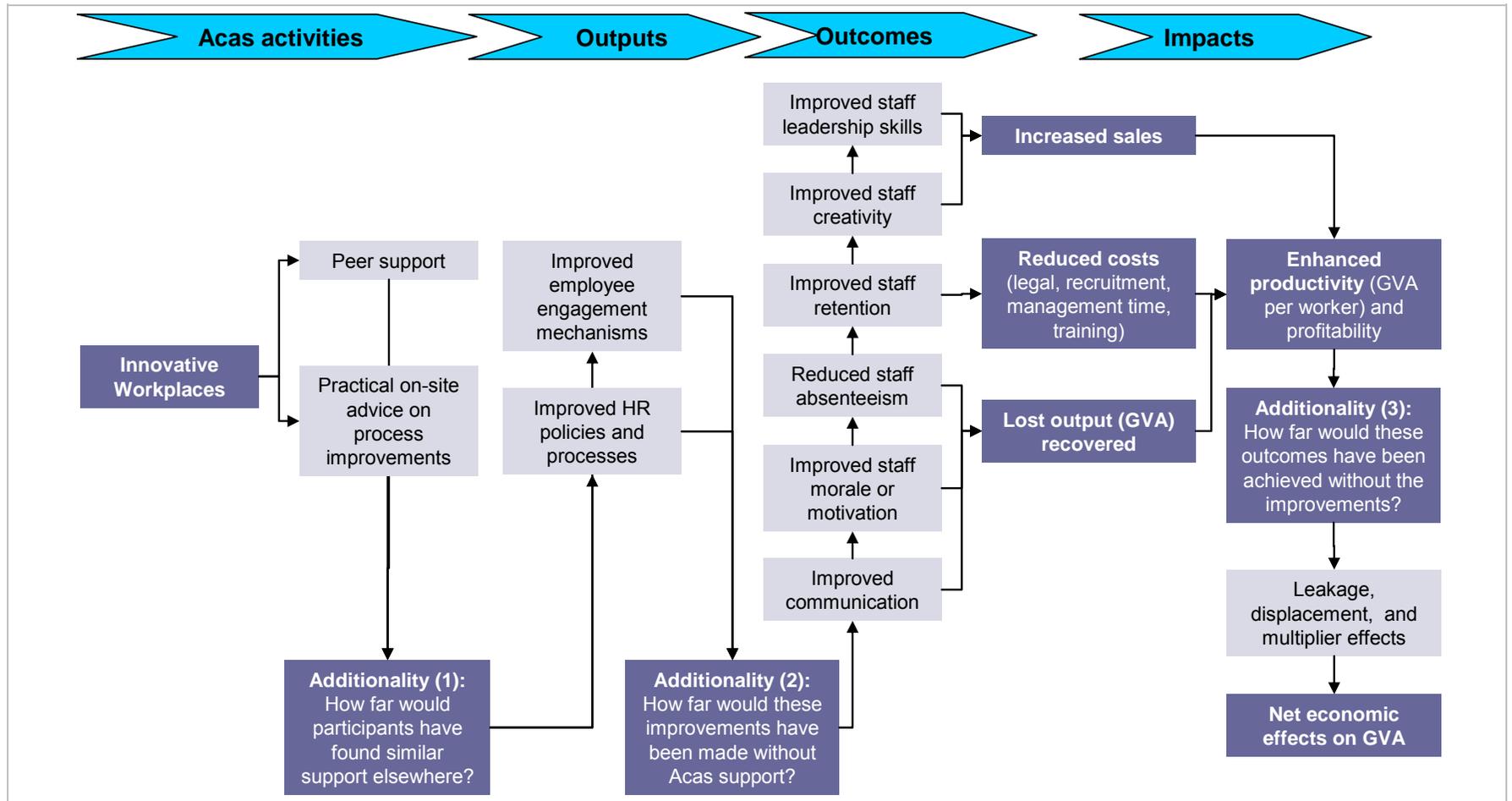
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► **How far changes in business performance can be attributed to the changes made:** Finally, there is a question as to how far changes in business performance can be attributed to the process improvements made. This could occur in a range of ways for the Innovative Workplaces project, with the most immediate effects likely to be felt in terms of productivity. If process improvements help to improve workplace motivation, morale or employee engagement, this might be felt in terms of improved staff retention or reduced numbers of staff days lost to absence. Productivity will rise through a lower shares of revenue being allocated to recruitment spending, together with a reduction in lost GVA due to either positions remaining vacant or staff being absent from work. These effects (along with other factors such as improved staff leadership skills or creativity) may also lead to sales growth (or help protect existing sales). For example, if a organisation is able to retain experienced sales staff with established relationships with customers, then sales growth may be enhanced over the longer term.

The Innovative Workplaces was a regionally targeted intervention, and there are a range of wider factors that need to be considered in establishing estimates of economic impacts:

- **Leakage:** If the economic impacts of the intervention accrue to residents of other regions, then these are considered to have 'leaked' outside the East Midlands. This occurs if businesses based outside the East Midlands benefit from the support provided, or if those filling any vacancies created are not residents of the region.

- **Displacement:** Participating organisations may also get a competitive advantage over other organisations based in the East Midlands as a result of the support provided. This may result in a loss of market share for these other organisations. These negative consequences (displacement) should also be taken into account.

- **Multiplier effects:** Multiplier effects occur through two mechanisms. Firstly, to increase GVA, organisations will need to procure goods and services from other organisations. To the extent they purchase from other organisations in the East Midlands, these positive effects will help enhance turnover and employment throughout the supply chain (indirect or supply chain multiplier effects). Additionally, where wages are paid to any additional employees, their spending of this income in regionally based organisations will have a similar effect.

- **Net additional impacts:** Net additional economic impacts at the regional level are estimated as: Gross impact x Additionality x (1 – Leakage) x (1 – Displacement) x Multiplier Effects.

A diagram setting out our analytical framework is below:

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Figure 1.1 Analytical Framework

Acas activities → Outputs → Outcomes → Impacts

Innovative Workplaces

- Peer support
- Practical on-site advice on process improvements

Improved employee engagement mechanisms

Improved HR policies and processes

Improved staff leadership skills

Improved staff creativity

Improved staff retention

Reduced staff absenteeism

Improved staff morale or motivation

Improved communication

Increased sales

Reduced costs (legal, recruitment, management time, training)

Lost output (GVA) recovered

Enhanced productivity (GVA per worker) and profitability

Additionality (1): How far would participants have found similar support elsewhere?

Additionality (2): How far would these improvements have been made without Acas support?

Additionality (3): How far would these outcomes have been achieved without the improvements?

Leakage, displacement, and multiplier effects

Net economic effects on GVA

1.3 Assessing additionality

In general, the most robust approach to assessing the impact of public sector interventions is to adopt a quasi-experimental approach in which comparisons are made between those receiving support are compared to a control group to identify how far improvements can be attributed to participation in support. This approach could not be applied to the Innovative Workplaces project: with eight organisations completing the project, quasi-experimental approaches would not be sufficiently robust to generate any statistically significant findings. Additionally, quasi-experimental evaluation studies are highly resource intensive, and given the scale of the intervention, such costs would be difficult to justify.

Estimates of additionality are instead based on assigning assumptions of the extent to which impacts can be attributed to interventions (in this case the innovative workplace project) based on the reported perceptions of the participating organisations. The overall approach and assumptions utilised are consistent with *emda*'s Evaluation Toolkit, and reflect a commonly utilised approach to evaluation in such contexts. However, the approach is not without caveats. Firstly, estimates are based on self-reporting, which may not be reliable since respondents may have an incentive to over- or understate the impact of the support they received, or in some cases, may not be in a position to assess the impact of support. Additionally, the approach is based on ascribing a quantitative measure of probability to responses given on a qualitative scale of impact (e.g. 'Very likely' – 'Very Unlikely'). The reliability of this approach depends on how far the assumptions utilised are aligned with respondents perceptions of the impact associated with their responses on average.

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2.0 Economic Impact Assessment

This section sets out an analysis of the economic impacts of the *emda* funded, Acas led Innovative Workplaces project. The economic impact assessment has been developed in alignment with the methodological principles set out in *emda*'s evaluation toolkit.

2.1 Organisations participating in the Innovative Workplaces project

Eleven organisations participated in the Innovative Workplaces project, although three withdrew over the course of delivery, resulting in a total of eight completing the project. This analysis is restricted to the eight completers, although, as other chapters in this report discuss, further impacts were achieved amongst the three dropping out.

2.2 Availability and take-up of alternative sources of support

A key consideration in assessing the impact of the project is the extent to which the outcomes achieved by participating organisations is the extent to which they would have taken up a similar alternative source of support in the absence of the Innovative Workplaces project. If participants would have obtained similar support elsewhere, then it is likely that any such outcomes would have been achieved anyway.

Respondents to the survey were asked to report whether they felt they would have been able to obtain similar support from an alternative source, where they would have been able to obtain that support, and how likely they would have been able to take up that support if the support provided through Innovative Workplaces was unavailable. Of the eight respondents to the survey, three reported that they would have been able to find a similar level of support elsewhere, for which there would have been fees. However, two of the three respondents reporting they would be 'unlikely' to take up this alternative support, and respondents were less clear on where they would have been able to obtain this support, citing unspecified consultants and the Chamber of Commerce. There were also doubts about whether all organisations would have the ability to pay for such a service.

Overall, the evidence suggests in the main, participants would not have accessed similar services elsewhere, with an overall estimated probability that organisations would not have taken up alternative support of 84 percent. Details of this estimate and the assumptions made are set out in the table below.

Table 2.1 Estimated probability organisations would not have taken up an alternative source of similar support in the absence of the Innovative Workplaces project

Response to 'Would you have been able to find a similar level of support elsewhere?'	a) Percentage of respondents	b) Additionality assumption/ weighting	c) Probability that organisations would not have found/used equivalent alternative support
No	62.5	1.00	0.625
Yes	37.5	-	-

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Response to 'How likely is that you would have taken up this alternative support?'			
Definitely	0	0.00	-
Likely	12.5	0.25	0.031
Neither likely nor unlikely	0	0.50	-
Unlikely	25	0.75	0.188
Definitely not	0	1.00	-
Estimated probability that organisations would not have taken up alternative support:			**0.84**

Source: Participant Survey, Nottingham Trent University (The probability organisations would not have found alternative support is based on the proportion of respondents giving a particular response weighted by the additionality assumption – i.e. column a x column b)

2.3 Improvements made by participating organisations

Respondents were asked to report whether they implemented new or improved human resource policies or procedures (or planned to make such improvements in the future) during or since participating in the Innovative Workplaces project. Seven of the eight organisations surveyed had implemented at least one new or improved process and all had at least plans to implement new or improved processes. Improvements in procedures for informing and consulting with employees were most commonly reported by organisations, followed by 'other' processes, which might include equality or absence management policies.

Four of the eight reported they had plans to implement improvements in the future, with improvements in discipline and grievance policies most commonly reported, suggesting that some impacts of the project might be felt at a later date.

Figure 2.1 Improvements made to Human Resource Policies by Participating Organisations
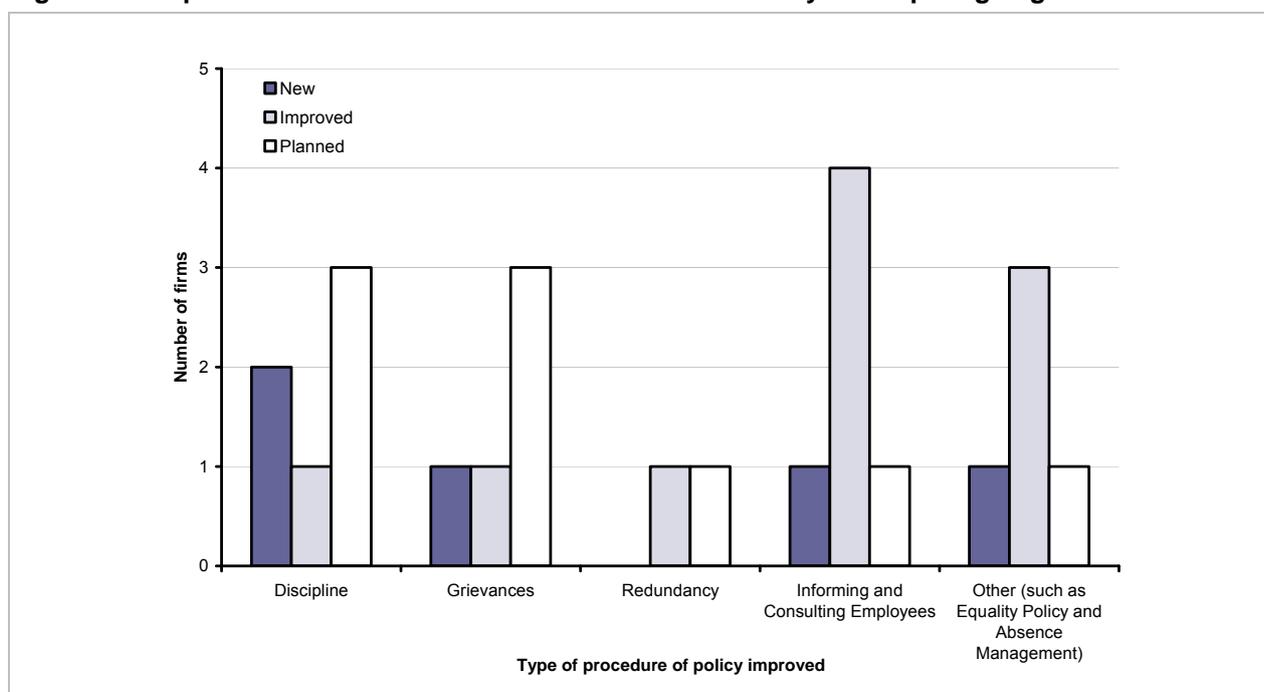
Source: Participant Survey, Nottingham Trent University

In order to identify how far these improvements were made as a result of the Innovative Workplaces projects, respondents to the postal survey were asked to report the extent to which they would have made these improvements without the support they received from Acas. None of the participating organisations felt they definitely would not have implemented the main changes without the support they received, although a quarter reported they probably would not have done so. Using the additionality assumptions set out in Table 2.2 below, it is estimated that there was a 32 percent probability overall that participating organisations would not have implemented improved HR procedures without Acas support.

Table 2.2   Estimated probability organisations would not have implemented improved HR procedures without the support they received (additionality of actions)

Response to 'How likely is that you would have introduced the main changes without the support you received from Acas?	a) Percentage of respondents	b) Additionality assumption/ weighting	c) Probability that organisations would not have introduced the main changes without Acas support?
Definitely	25	0.00	-
Probably	37.5	0.25	0.09
Probably not	25	0.75	0.19
Definitely not	0	1.00	-
Other (*)	12.5	0.33	0.04
Estimated probability organisations would not have made improvements without the support they received			**0.32**

Source: Participant Survey, Nottingham Trent University (*) one respondent reported that of three procedures implemented, they would have definitely have implemented two without Acas support, and definitely not have implemented the third, so an additionality rate of one in three (33 percent) is assumed in this case. The probability that respondents would not have implemented improvements without the support they received is estimated by percentage of respondents giving particular responses, weighted by the additionality assumption (i.e. column a x column b).

2.4   Changes in organisational performance resulting from improvements

Participating organisations were also asked to report how the improvements they made resulted in changes to the performance of their organisation or business. Most frequently reported were improvements in communication within their organisations, increased staff engagement, and improved leadership skills, with secondary effects on staff creativity and turnover.

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Figure 2.2 Improvements in organisational performance resulting from process improvements
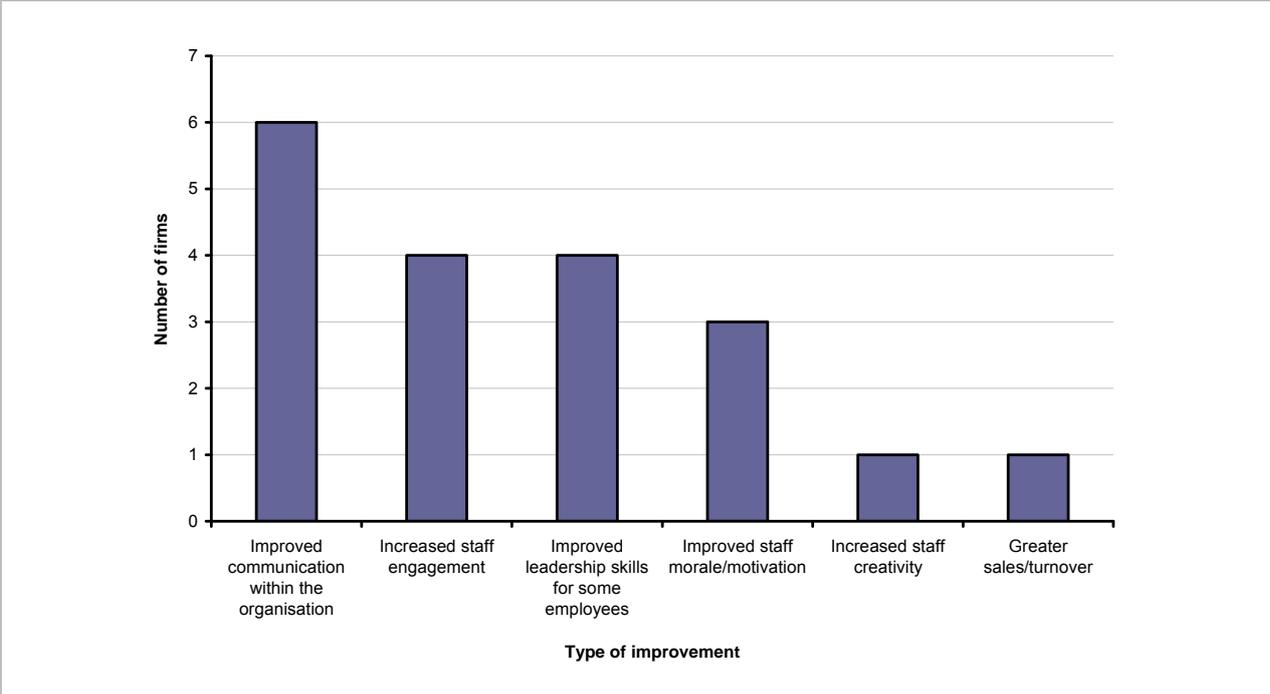
Source: Participant Survey, Nottingham Trent University

The impacts outlined above generally relate to the intermediate outcomes of the improvements made (with the exception of impacts on sales or turnover). Where these short term effects have led on to an economic impact on the organisations concerned, these will be ultimately be observed through improvements in productivity and sales growth. Three approaches to valuing economic impacts have been considered:

- **Impacts on productivity driven by reductions in staff retention and absence:** Improvements to HR processes may have had an immediate effect on rates of staff retention and absence via improved staff morale and motivation. Such improvements would have an impact on GVA through increasing productivity (through avoiding the output lost through staff absence or replacing workers that have left the organisation).

- **General productivity growth:** The improvements in staff engagement and communication may have also helped to boost productivity more generally through enabling staff to complete tasks more efficiently or more effectively, resulting in further GVA impacts.

- **Turnover and employment growth:** Finally, the improvements made by organisations may have ultimately resulted in greater sales and the recruitment of additional staff in order to meet demand.

These impacts are explored in turn in the following sections.

2.4.1 Staff retention and absence

Two organisations (from the five able to respond) reported they had seen a decline in the number of staff leaving voluntarily, while a further two (again, from five able to respond) reported they had seen a fall in the proportion of working days lost due to absence since participating in the project. However, no respondents reported that the process improvements they had made as a result of Acas support had any

influence over these aspects of business performance. Therefore no economic impacts are estimated to arise through reduced staff retention and absence.

2.4.2 Changes in grievances, disciplinary sanctions, and ET claims

In addition to benefits resulting from changes in staff absence and retention, if the Innovative Workplaces project resulted in a decrease in the number of grievances, disciplinary sanctions, or Employment Tribunal claims then organisations will avoid a range of costs (ranging from management costs potentially through to legal costs).

The survey of firms indicated that organisations saw an increase in the number of employees utilising grievance procedures, the number of cases where disciplinary sanctions were applied, and virtually no change in the number of ET claims, as set out in the table below. In order to estimate the level of management time associated with these, the number of estimated days of management time associated with each type of case (as estimated from the 2007 CIPD Managing Conflict at Work survey and the 2008 Survey of Employment Tribunal Applications) was applied to the net change in the number of cases observed across the sample. Overall, it was estimated that participating firms saw a increase in the level of management time associated with grievances, disciplinary sanctions and ET claims of 158 days. However around 80 percent of these days can be attributed to a single organisation. In all other organisation, the volumes of disputes as measured through grievances, disciplinary sanctions and ET claims had either remained stable or decreased (in some instances notably so).

Management time was value in terms of managers gross hourly pay (£18.52) and average hours worked per week (37.5), giving an estimate of £138.90 per day[1], and applied to the estimated net change in management time associated with grievances, disciplinary sanctions and ET claims. Overall additional costs were estimated at £21,946.

Table 2.3   Changes in grievances, disciplinary sanctions, and ET claims, and associated management savings

	Number in 6 months before project	Number in 6 months after project	Net change	Management Costs (Days)	Overall change in days spent	Management wage costs per day (£)	Total Saving (£s)
Grievance procedure	8	23	15	9	135	138.9	18,752
Disciplinary Sanctions	43	44	1	13	13	138.9	1,806
ET claims	4	6	2	5	10	138.9	1,389
Overall change	-	-	-	-	**158**		**21,946**

Source: Participant survey, SETA 2008, CIPD Managing Conflict At Work 2007 and ASHE 2010

Notwithstanding the fact that the rise in incidence of disputes was entirely accounted for in one organisation, seeing a rise in reported disputes may well be one of the apparently paradoxical outcomes of improved procedures. It may be that a more transparent and accessible procedures create an

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[1] This assumes that the value of a managers work is equal to the value of their hourly earnings, but ignores additional taxes (such as Employer's National Insurance contribution) and costs (such as training).

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environment in which individuals are more aware, or feel more able to raise problems at work. This outcome (though not apparently applicable in the case of the Innovative Workplaces Initiative) may result in an increase of observable disputes. In the absence of these opportunities and mechanisms, conflict is arguably more likely to manifest itself in much higher levels of employee turnover.

While these effectively offset the productivity gains estimated above, it is not possible to include these savings in the overall economic impact assessment. We have no evidence that these additional costs are necessarily attributable to the Innovative Workplaces project since, as owing to constraints on the length of the questionnaire, respondents were not asked to attribute changes to the support they received. Secondly, the additional costs are also negligible in the context of the estimates of GVA impacts through wider productivity gains as set out below.

2.4.3 Productivity

Productivity is a measure of the output (GVA) an organisation can produce for a given level of inputs, and is typically measured by GVA per worker. GVA per worker might rise (among other reasons) if workers become more efficient or skilled, if organisations replace workers with capital equipment or machinery, or if organisations adopt more efficient production processes[1]. Though reductions in staff absences or grievances, or increases in staff retention, will increase productivity through improving the efficiency of the organisation, the Innovative Workplaces project may have resulted in wider productivity benefits, for example if the project resulted in more creative or motivated workers.

All participants felt that the productivity of their staff had risen over the past twelve months. The range of responses given when asked to report how far productivity gains were due to the improvements they made as a result of Acas funded support are set out in the table below. Based on the assumptions outlined in the table, it is estimated that 50 percent of productivity gains seen by participants would not have occurred without the improvements they made.

Table 2.4 Estimated probability organisations would not have seen productivity gains if they had not implemented process improvements to their business

Response to 'Has your productivity improved as a result of the changes you made to your business?'	a) Percentage of respondents	b) Additionality assumption/ weighting	c) Probability productivity would have improved without improvements
No	0	0.00	0
Yes	100	-	-

Response to 'How likely is it that you would have seen these productivity gains if you had not implemented these

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[1] The overall change in GVA within an organisation can be measured by: $\Delta Y = (Y/N) \Delta N + N \times \Delta(Y/N)$, where Y is output (GVA) and N is employment. GVA (Y) can be measured by an organisations turnover less expenditure on intermediate goods and services. Owing to constraints on the length of the questionnaire, expenditure on intermediate goods and services is assumed to be a constant proportion of turnover, implying a change in turnover per worker is reflected in an equivalent proportional change in productivity. However, this definition has obvious difficulties in application to the public sector – as highlighted in Section 1 – as the turnover of public sector organisations is not generally driven by sales but by public sector budgeting. Though this general model is applied to all participants in the Innovative Workplaces projects, these difficulties may result in some mis-measurement of productivity effects with respect to public sector organisations.

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changes?'			
Definitely	0	0.00	0
Likely	37.5	0.25	0.094
Neither likely nor unlikely	12.5	0.50	0.063
Unlikely	37.5	0.75	0.281
Definitely not	0	1.00	
No response	12.5	0.50	0.063
Estimated probability productivity gains would not have been achieved without improvements made (row total)			**0.50**

Source: Participant Survey, Nottingham Trent University, the probability productivity gains would not have been achieved without the improvements made is estimated on by the proportion of respondents giving each response, weighted by the relevant additionality assumption (i.e. column a x column b)

While this suggests a strong impact, comparisons between the results of the baseline questionnaire administered six months prior to the delivery of the Innovative Workplaces project and the follow-up questionnaire delivered six months post intervention suggest that organisations have in reality faced difficulties over the intervention period.

Three of the five organisations able to provide pre and post projects values for turnover reported that productivity (as measured by turnover per worker) actually fell over the intervening period, despite the above participant perceptions to the contrary. Organisations had not responded by reducing employment to the same extent as turnover, culminating in productivity losses.

However, two organisations reported a (measured) growth in turnover per worker of £9,417 and £30,500, and applying the ratio of GVA to turnover in the East Midlands (34 percent) this equates to productivity growth of £3,201 and £10,374 per worker respectively. Aggregating this across each organisations number of workers and applying the estimated average probability that productivity gains would not have been achieved without the changes made, gives an overall estimate of gross additional GVA through productivity gains of £567,000. These estimates are provided in detail in the table below.

Table 2.5 Gross additional productivity gains

Organisation	a) Growth in turnover per worker (£)	b) Growth in GVA per worker (£)	c) Number of workers	d) Growth in GVA due to productivity gains (£)	e) Additionality of productivity gains	f) Gross additional GVA due to productivity gains (£)
Org 1	9,417	3,202	98	313,766	0.5	156,883
Org 2	30,512	10,374	79	819,563	0.5	409,782
Total	**-**	**-**	**177**	**1,133,330**	**-**	**566,665**

Source: Ecorys analysis, column f = column a x 0.34 x column c x column e.

Given respondents perceptions of improved productivity (in spite of the reality that turnover per worker had decreased in three of the five organisations), one of the actual effects of the project may have been to slow down decline in productivity. Additionally, turnover has been used as proxy measurement for the value of the goods or services produced by the participating organisations, and some participants may have produced goods that have been left unsold. As such, it is worthwhile considering possible effects in terms of productivity safeguarded by the project under the scenario that all participants saw similar relative productivity gains.

On average, the relevant organisations saw a decline in turnover per worker of £82,900 per worker or a decline in GVA per worker of £28,100[1]. The two participants whose productivity was observed to grow saw an average increase in GVA per worker of 19.6 percent[2], of which 9.8 percent was attributable to the improvements made (i.e. 19.6 x 0.50). If it is assumed that the project had similar effects amongst those participants seeing productivity decline, then GVA per worker may have been 9.8 percent lower in the absence of the improvements made, leading to productivity safeguarded of £2,751 per worker). Aggregating these effects across the 1,343 workers employed by the relevant workplaces making improvements following support suggests that productivity effects could rise as high as £4.3m (i.e. £2,751 x 1,343 (productivity safeguarded) + £567,000 (productivity increased)).

However, these findings of this alternative scenario are not carried through to the final economic impact assessment as they are based on the assumption that productivity effects are uniform across participants. In order to develop a more reliable measure of productivity safeguarded, it would be necessary to establish how much lower employment and turnover would have been in the absence of the project. Owing to the constraints set by the format of the questionnaire, a decision was made not to request participants to report the impacts of support on turnover.

2.4.4 Employment growth

Organisations were finally asked to report whether the changes they had made had resulted in them recruiting any additional workers (if employment had increased) or protected any jobs (if employment had remained the same or decreased). As noted above, the majority of participating organisations had seen a contraction in their workforce, with one organisation reporting that the changes they had made had helped safeguard two jobs as a result of the changes made. Applying average GVA per worker in the region (£36,000), this equates to GVA safeguarded of £72,000.

2.5 Future impacts on employment

The follow-up postal survey was undertaken six months following organisation's initial participation in the Innovative Workplaces project. Many of the process improvements delivered by organisations will take time to implement (and as highlighted, some participants were still at the planning stage with respect to some areas of improvement). Additionally, the effects of improvements may take time to arise, so it is likely that a focus on the economic impacts of the Innovative Workplaces project to date understate the total effects of the project.

In order to capture the potential future impacts of the Innovative Workplaces project, participants were asked to report whether they would recruit any additional workers over the next twelve months as a result of the improvements they made to their business. Two of the eight organisations reported that they planned to recruit a total of 13.5 workers in the next 12 months as result of implementing process improvements, equating to a potential per annum GVA impact of £486,000 (again applying GVA per worker in the East Midlands of £36,000).

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[1] Again, using ratio of GVA to turnover derived from the 2008 Annual Business Inquiry of 34 percent in the East Midlands.
[2] The combined turnover of the two participants fell from £35.2m to £35.0m, while numbers of workers fell from 213 to 177, implying turnover per worker rose by 19.6 percent from £165,000 to £198,000.

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2.6 Gross additional economic impacts

Estimates of the gross additional economic impact of the Innovative Workplaces project are set out in the table below, combining estimates of the probability that organisations would have taken up alternative sources of support (additionality of support), the probability that organisations would have made process improvements without Acas support (additionality of actions), and the economic impacts on GVA resulting from those process improvements. The gross additional GVA per impact of the Innovative Workplaces project to date is estimated at £174,000 per annum, resulting primarily from productivity growth. A further £132,000 per annum in GVA per annum is expected as a result of creating a potential gross additional 4.2 jobs per annum over the 12 months following the postal survey (i.e. by November 2011).

To summarise, in a purely economic view, and not withstanding impacts that have not been measured (such as productivity safeguarded) or gains from improvements that organisations may not yet have made, the project is estimated to have generated a minimum gross additional GVA impact of £173,700 per annum, and over £300,000 including future impacts. It must also be noted that a wide-array of benefits from the project were cited but cannot be translated into economic impacts, but are set out in other chapters of this report.

Table 2.6 Gross additional economic impacts

Impact	a) Additionality of the project support	b) Additionality of actions	c) Economic impacts improvements[1]	Gross additional economic impacts
Employment impacts				
Jobs safeguarded	0.84	0.32	2.0	0.5
Potential jobs created	0.84	0.32	13.5	3.7
GVA impacts				
GVA safeguarded (£ per annum)	0.84	0.32	72,000	19,592
GVA created through productivity gains (£ per annum)	0.84	0.32	566,665	154,195
Total GVA created to date	-	-	638,665	173,787
Total potential GVA created (£ per annum)	0.84	0.32	486,000	132,245

Source: Ecorys analysis (gross additional economic impacts are estimated as the economic impacts attributable to improvements x additionality of support x additionality of actions: a*b*c).

2.7 Leakage, displacement, substitution and multiplier effects

In order to move from gross additional to net additional economic impacts requires consideration of leakage, displacement, substitution effects and multiplier effects. This section deals with each of these in turn.

2.7.1 Leakage

In evaluating the impact of area-based initiatives (the Innovative Workplaces project was targeted at the East Midlands), it is important to consider how far the intervention has resulted in impacts leaking outside

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[1] The figures in this column relate to the estimates of economic impacts provided in sections 2.42, 2.43, and 2.5.

of the target area. This typically refers to any jobs created (or safeguarded) being taken up by residents outside the East Midlands, or any GVA created being produced by organisations that are located outside the region (as GVA is generally measured on a workplace basis).

All organisations participating in the project were based in the East Midlands, so there is no leakage of GVA impacts. To assess leakage of employment impacts, participants were asked to report the proportion of their employees that live in the East Midlands. On average (weighted by employment), participating organisations reported that 85 percent of their employees live in the East Midlands, implying a value for leakage of 15 percent. This is higher than might be typically expected for organisations based in the region (an evaluation all *emda* funded activity between 1999/00 and 2006/07 undertaken by ECOTEC suggested around 5 percent of organisations employees live outside the region), though this figure was somewhat skewed by a large electrical manufacturer reporting that 20 percent of their employees lived outside the region.

2.7.2 Displacement

Displacement occurs where improvements in the performance of publicly assisted businesses comes at the expense of non supported organisations, for example if an organisation is able to increase their market share, taking away sales from other companies in the East Midlands. Though the bulk of quantifiable economic impacts were due to productivity rather than turnover growth, this nevertheless implies that organisations are able to produce more output for a given size of their workforce, potentially taking sales away from other organisations.

A postal questionnaire approach was adopted in the evaluation, and a decision was made in questionnaire design to exclude questions that would enable a direct estimate of displacement, to avoid making the questionnaire too lengthy with potential negative consequences for response rates. However, ECOTEC's[1] evaluation of *emda* suggested that enterprise support initiatives typically result in displacement rates in the region of 20 percent, and it has been assumed that this applies in the case of the Innovative Workplaces project except in relation to the two public sector participants.

2.7.3 Substitution effects

Substitution effects relate to organisations substituting one activity for another in order to take advantage of public sector subsidies and support. This is most relevant in consideration of employment support and job brokerage initiatives, where organisations may recruit employment programme participants at the expense of others in the labour market as a result of publicly funded intervention. However, this may also occur in enterprise support interventions if one production process is substituted for another to take advantage of public sector support (an example might be energy organisations switching to renewables as a result of tax breaks or subsidies). Substitution effects are not deemed to be relevant in relation to the Innovative Workplaces Initiative.

2.7.4 Multiplier effects

Where organisations are able to improve their performance through greater sales or productivity, they will consume more goods and services provided by other organisations based in the East Midlands, generating wider economic impacts (supply chain multiplier effects). Equally, where individuals fill any

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[1] ECOTEC has since been renamed Ecorys.

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jobs created or are able to increase their earnings as a result of becoming more productive, there will be further multiplier effects as they spend their additional income in regional businesses (induced multiplier effects).

In line with the approach set out in the *emda* evaluation toolkit, multiplier effects have been estimated in line with the regional multipliers utilised in the Experian regional economic model of the East Midlands. Average multiplier effects (weighted by industry sector) are estimated at 1.39 as set out in the table below.

Table 2.7 Multiplier Effects

Sector	a) Percentage of respondents	b) Composite multiplier effects	Multiplier calculation (a*b)
Manufacturing	25	1.35	0.34
Private services	50	1.40	0.7
Public services	25	1.42	0.36
Estimated project multiplier effects	-	1.39	1.39

Source: Ecorys analysis, Regional Economic Model of the East Midlands, Experian

2.8   Net additional economic impacts per annum

Estimates of the net additional economic impacts (per annum) of the Innovative Workplaces project are set out in the table below. Total net additional GVA created or safeguarded (per annum) is estimated at £193,000, with a further potential £147,000 per annum created by November 2011.

Table 2.8 Net additional economic impacts

Impact	Gross additional economic impacts	Leakage	Displacement	Multiplier effects	Net additional economic impacts
Employment impacts					
Jobs safeguarded	0.5	0.15	0.20	1.39	0.5
Potential jobs created	3.7	0.15	0.20	1.39	3.5
GVA impacts					
GVA safeguarded (£ per annum)	19,592	0.00	0.20	1.39	21,786
GVA created through productivity gains (£ per annum)	154,195	0.00	0.20	1.39	171,465
Total GVA created to date	**173,787**	**-**	**-**	**-**	**193,251**
Total potential GVA created (£ per annum)	**132,245**	**0.00**	**0.20**	**1.39**	**147,057**

Source: Ecorys analysis (Net impact = Gross additional impact x (1 – Leakage) x (1 – Displacement) x Multiplier effects)

2.9   Present value of GVA impacts

The GVA impacts of enterprise support initiatives will grow and endure for a period of time, though in general, such effects are expected to decay at a certain point. At the time of the survey, six months had elapsed since organisations had participated in the initiative, so it is not possible at this stage to determine how long impacts might endure. In such circumstances, guidance issued by BIS on

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implementing the evaluation of RDA funded initiatives, suggests that the effects of enterprise support should be assumed to endure for three years.

The table below shows the projected time profile of GVA impacts (together with the present value of those impacts, applying the 3.5 percent value for social time preference recommended by the HM Treasury Green Book)[1]. Overall it is estimated that the Innovative Workplace will have a total GVA impact of £1,020,900 with a present value (with a baseline of 2009/10) of £972,400.

Table 2.9 Present value of GVA benefits

Year	1a) Value of GVA impacts created to date (£)	1b) Value of potential GVA impacts (£)	1c) Total GVA impacts (£)	Discount factor	2a) Present value of GVA impacts created to date (£)	2b) Present value of potential GVA impacts (£)	2c) Present value of total GVA impacts (£)
2009/10	193,251	-	193,251	1.00	193,251	-	193,251
2010/11	193,251	147,057	340,307	0.97	186,716	142,084	328,799
2011/12	193,251	147,057	340,307	0.93	180,402	137,279	317,681
2012/13	-	147,057	147,057	0.90	-	132,637	132,637
Total	**579,752**	**441,169**	**1,020,922**	**-**	**560,368**	**411,999**	**972,368**

Source: Ecorys analysis (present value of benefits are measured by multiplying the value of present and future GVA impacts by the discount factor, which in turn is calculated by (1 / ((1 + 0.035)^n) where n is the number of years from the baseline year). Column 1c = 1a + 1b, Columns 2a, 2b and 2c = 1a, 1b, 1c x Discount Factor

2.10 Return on investment

Acas figures indicate that a total of £244,035 was spent delivering the Innovative Workplaces project, and the project was estimated to have created economic impacts with a present value of £972,400. This gives an overall return on investment to public sector (in regional economic impacts) of £4.0 for every £1 of public sector expenditure.

emda contributed £227,437 of total project costs, or 93 percent of total public sector expenditure. In line with OffPAT guidelines on attributing impacts between public sector funders, it is assumed that 93 percent of the overall impact of the project (£906,232) is attributable to *emda*'s expenditure. The remainder of expenditure were in-kind contributions made by Acas.

A total of £60,000 of costs represented project management, and £48,152 on evaluation costs. Innovative Workplaces was a pilot project, and such costs may be reduced if the project was replicated in the future. The table below also provides ROI figures under scenarios in which evaluation and project management costs are reduced by 25 percent and 50 percent, which results in an increase in ROI to £4.5 and £5.1 per £1 of public sector expenditure respectively, on the basis that these savings have no impact on the overall effectiveness of the project.

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[1] The value of GVA is discounted to reflect a social preference for income today over an equivalent income in the future. The 3.5 percent discount rate suggests that society as a whole is indifferent between £100 of income (or costs) today and £103.50 of income/costs a year later.

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Table 2.10 Return on Investment

Costs & ROI	Cost (£)	Economic Impacts (£s)	Return on Investment
emda	227,437	906,232	4.0
Total public sector	244,035	972,368	4.0
Potential ROI for future replication of the project, if evaluation & project management staff costs reduced by:			
25%	216,997	972,368	4.5
50%	189,959	972,368	5.1

2.11 Costs and benefits that have not been quantified

While this analysis suggests that the Innovative Workplaces project has generated a positive return on investment over the short period over which impacts have been allowed to accrue, it takes a narrow economic view of the benefits of the Innovative Workplaces project. There are a range of wider effects that would be considered in a full cost-benefit analysis of the intervention:

- **Economic impacts:** There are a number of economic impacts of the project that have not been quantified in this analysis. As already discussed, any productivity safeguarded by the intervention has been excluded from the final return on investment figures. In addition, in the future, the project may also help organisations avoid costly employee disputes and employment tribunal claims, generating further productivity benefits.

- **Social impacts:** There may also be a range of social benefits of improvements in HR processes over and above those described in the economic impact assessment, but are expanded on elsewhere in the report. These are most likely to incorporate any improvements in employee welfare that are not felt directly through increases in wages following productivity gains.

- **Project costs for the participating organisations:** At the same time, the estimates of return on investment outlined above do not factor in the full costs of implementing the Innovative Workplaces project. In particular, there participants will incur costs in implementing improvements that have been not been captured. These are most likely to take the form of opportunity costs, with managers and other staff taking time to develop new processes and improvements, which could otherwise have been diverted to other productive activities.

- **Disbenefits:** Where the Innovative Workplaces has facilitated growth or raised productivity, there will be a range of social costs that are not captured in the analysis. These costs might be incurred by employees (for example, transport and childcare costs associated with those filling vacancies – though the economic impacts of such expenditures are captured through the application of multiplier effects), or could relate to wider externalities associated with economic growth such as the environmental impacts associated with greater utilisation of resources or congestion costs caused by more intensive use of transport infrastructure.

With regard to economic impacts not quantified, it should be noted that the present value of GVA impacts and return on investment figures that have been calculated only include economic impacts that could be specifically identified and measured in the course of the project evaluation using this framework. It was

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only possible to attribute economic impacts to four of the eight organisations which took part in the final evaluation of the project (by using questionnaire answers given by the organisations), so the GVA impact of £1,020,900 (with a present value at 2009/10 of £972,400) is based on the benefits attributed to the project from The Health Store, Liquid Control, Caterpillar and Thorpe Kilworth. It is assumed that all other organisations had no economic impacts as a result of participation, when the true economic impact of these organisations is unknown. An economic impact of zero is, of course, not realistic – however, the report can only quote figures which have been reported and a cautious approach (cautious in that the economic impact was positive for four organisations and negative for none) is taken that assumes no financial impacts were achieved where organisations have been able to fully report impacts. Estimates of GVA impacts (with a present value of £972,400) can therefore be seen as an estimate of the minimum return from this project.

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