Managing Employee Relations

Recommendations for Improving Employee Engagement at CBK Wales

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"The success of any business starts and ends with your people."

Alan Price, CEO, Bright HR

Glossary of Terms

CBK -	Chadbourn Baker & Kearle (The organisation)
ER -	Employee Relations
PDP -	Personal Development Plan
PESTLE -	Political, Economic, Sociological, Technological, Legal and Environmental
PM -	Performance Management

EXECUTIVE SUMMARY

The following report outlines the importance of managing employee relations in the context of a financial services company with a vision to be a market leader in financial advice. CBK's aim for 2019, is to increase productivity within the workforce without increasing employees or man hours.

The paper considers how employee relations are affected by external factors within the industry and by management style and organisational culture.

A review of the literature reveals that increasing employee engagement will in turn increase profit and profitability within the company. The research demonstrates that an effective performance management strategy is one of the tools that can be used to enhance employee engagement.

Recommendations are made for an improved Performance Management Strategy and are informed by recent research into effective methods of performance management, to increase employee engagement and in turn increase organisational performance.

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1. Introduction

CBK is a firm of Independent Financial Advisors who pride themselves on giving clear and concise financial advice to their clients. They aim to be the market leader in South Wales, providing the best up to date advice at competitive prices.

CBK is a small company with 2 employed directors, a Practice manager, 3 consultants and 3 support staff. CBK values all employees and has an inclusive culture which embraces 'shared leadership'. CBK's aim for 2019 is to increase productivity and profitability utilising the existing workforce, without increasing working hours.

The aim of this paper is to outline and define the significance of managing employee relations and improving employee engagement, to assist the company in achieving its 2019 aim.

The paper will outline the factors that affect employee relations and the ways in which employee engagement can be used to increase organisational performance. The report critiques methods of engagement, leading to recommendations to action.

It is first necessary to understand the importance of employee relationships within the organisation.

1.1 What are ‘Employee Relations’?

Employee relations is about developing and maintaining a positive working relationship between an organisation and its people, by creating and delivering good people practices (CIPD, 2018a).

It is “concerned with developing, applying and negotiating processes and rules through which the employment relationship is conducted and regulated” (Gennard et. al, 2016, p.12).

ER has a long history, but certainly by the 1950’s it was widely accepted that success in attaining business objectives, depends on the extent to which employees are willing to give their all to the company (Merrihue, 1955).

The employment contract sets out what the employee and employer must do (hours and place of work, salary, etc.), but employee relations goes beyond this, to the “psychological contract” which can significantly affect the length and quality of the relationship (CIPD, 2019a).

The psychological contract refers to the unwritten expectations that employees have from the organisation and vice versa. However, the parties often have different perceptions on these ‘obligations’ to one another, which can cause a breakdown in the relationship. Breaking this implied contract, negatively affects performance, morale and motivation of staff (Grama, 2015).

Whilst the psychological contract is implied, it can be managed through practice and procedures that encourage certain behaviours, which in turn will enhance organisational performance (Katou, 2017).

This can be achieved through effective communication in the workplace, focusing on positive behaviours and outcomes; and taking a proactive and problem-solving approach in creating strategy (CIPD, 2018a).

1.2 External Influences on Employee Relations

The psychological contract is affected by both external factors, such as the environment the organisation operates in and internal factors such as personality traits (Rousseay, 1995, cited in Peng et al., 2016).

Whilst CBK is unable to manage individual's traits, it is able to prepare for and manage the effect that external changes can have on employee relations.

1.2.1The Micro Environment

The micro environment concerns the immediate, small scale environment in which the organisation functions (Soanes & Stevenson, 2008).

The most prevalent of these for CBK would be the local market need and workforce power.

People management in the service industry is quite different to that of other industries in that it is labour intensive, with a product that is solely reliant on the management of its employees. The level of contact with the client base is far

higher than other industries and therefore employee satisfaction is crucial to the business model (Boxall & Purcell, 2016).

Furthermore, when client demand is low, employees are directly affected. At CBK this often means that employee roles change throughout the course of the year to reflect the service demands of the customer base and so successful management of ER is crucial to CBK, to prevent inconsistency in the services provided to the consumer and to successfully manage change.

1.2.2The Macro Environment

The Macro environment considers the large-scale environment in which we operate (Soanes & Stevenson, 2008).

External factors which may affect a business include political, economic, social and technological factors (Rao, 2015).

A PESTLE analysis is one of the most effective models to understand the bigger picture and external environment in which an organisation operates (CIPD, 2018c).

A PESTLE analysis audits six external influences on an organisation:

Figure 1: Factors considered in a PESTLE analysis (CIPD, 2018c)

Political	*Tax policy, trade restrictions and political stability*
Economic	*Growth/decline, interest, inflation, wage rates, working hours, unemployment, credit availability*
Sociological	*Health consciousness, age distribution, health and safety*
Technological	*New technologies including AI*
Legal	*Changes to legislation and regulation*
Environmental	*Global Warming, sustainable resource*

The PESTLE analysis for CBK, crucial to informing the recommended performance management strategy can be found at Appendix 1.

In summary, at the time of writing, we are led by a Conservative government. Whilst the Torie's continue to freeze pay rises and cut jobs in the public sector, the labour market is nervous. However, with the current uncertainty of BREXIT and what effect that may have on workers' rights, coupled with the potential that a general election may shift the power to the employee if Corbyn is to win, it is crucial to set the standards for good employee relations now so that this volatile, uncertain, complex and ambiguous environment (Chadha, 2017), does not have a sudden impact on the company.

At CBK, recent increased costs in technology, along with the uncertainty of further economic recession, have affected employee relations in recent years

in terms of pay reviews and the ability to increase reward and investment. Additionally, an increased legal framework for compliance has led to a higher workload for employees and a male dominated financial services industry has reduced the benefits of diversity (CBI, 2019).

1.3 Management & Organisational Influence on Relations

Dunlop (1958) saw the framework of ER akin to an economic system, in which the 'actors' (managers, employees and organisations), in different environmental contexts, interact through a web of rules.

However, other theories such as that of Karl Marx, suggest that actually the actors are working against each other, having different goals and therefore creating industrial conflict. He saw this capitalist regime as an imbalance of power allowing control of workers.

But the most widely used framework is Alan Fox's idea that ER is viewed through the lens of three frames of reference: unitary, pluralist and radical (Gennard et al., 2016).

The 'Unitarist' perspective suggests organisations should be based on managerial prerogative to reach a common purpose. This legitimises power and control leadership and supports the belief that conflict in ER and lack of trust came from the political motivation of shop stewards and poor managerial communication. Managers response to conflict was through control and the manufacturing of consent through the promotion of high morale (Siebert et al.,

2015). This theory supposes that there is, or ought to be a single, shared, set of objectives (Baker, 1999).

Siebert (2015) explains that the pluralist perspective was a way of overcoming the limitation of the unitarist frame. Fox (1966) argued that this pluralist reference was more realistic and viewed an organisation as different groups with different interests and different purposes, resembling a democratic state. In this reference, the organisation should recognise that there are rival sources of leadership and the goal is not to unify them but to see that conflict is inevitable and to accept it as healthy.

Some argue that allowing the conflict to exist and the organisation to move towards 'chaos', in fact makes the organisation more effective (Geer-Frazier, 2014) as this is when employees are most creative and innovative (Luoma, 2006).

In 1974, Fox further recognised that there was a level of coercion over employees and an imbalance in power which led to his 'radical' theory. He said that capitalism gave changes to the labour market that were detrimental to workers (Siebert et al., 2015).

The importance in the context of this report, is how the management of CBK affects employee relations and whether they have a command and control structure or recognise the pluralist view.

CBK is a small firm, where the strategy is less about 'competing with the big boys' and 'rate of return' and much more around employment opportunities,

retaining wealth and leadership succession. This results is an informal HR approach and a trusting and flexible working environment. (Boxall & Purcell, 2016).

The CBK management team consists of two male directors and a female Practice manager. As with many small firms, the management style at CBK is aligned to McGregor's 'Theory Y' (McGregor, 1960 as cited in Head, 2011). McGregor outlined two styles of management which are guided by the manager's perception of employees and their motivation to work in the organisation. Theory X leaders believe employees dislike their work and must be micro managed as they cannot be trusted (similar to Unitrist). Theory Y supposes that employees are responsible and self-motivated and therefore managers include their employees in the decision-making process (Pluralist).

These theories reflect Fox's theories and it is evident from staff surveys (an example is shown at Appendix 2) that CBK is a pluralist environment where employees are not viewed as actors who need to be controlled nor distrusted. They are seen as individuals with different ideas and different ways of working and the organisation embraces this conflict as positive. There is research that suggests style of leadership is moderated somewhat with a female Practice Manager at CBK (Sahin et al. 2017), but nonetheless employees feel valued at the company and that they have a say in management decisions and a heard 'voice'.

Literature Review

This literature review aims to consider how employee relations is managed at CBK and how it can be maintained and improved by increasing employee engagement.

2. Engagement

2.1 What is employee engagement?

A recent UK government report identifies fifty different definitions of employee engagement (Clark, 2019).

Hirtle (2016, p.5) says “Employee engagement is about creating the right conditions in which employees of an organization have the capability and potential to give their best each day”.

In order to increase engagement, the CIPD recommends strategies in the following areas:

Figure 2 : Adapted from CIPD (2018b) Engagement Factsheet

Support -

- Fair treatment
- Support for wellbeing
- Good Management Skills

Voice -

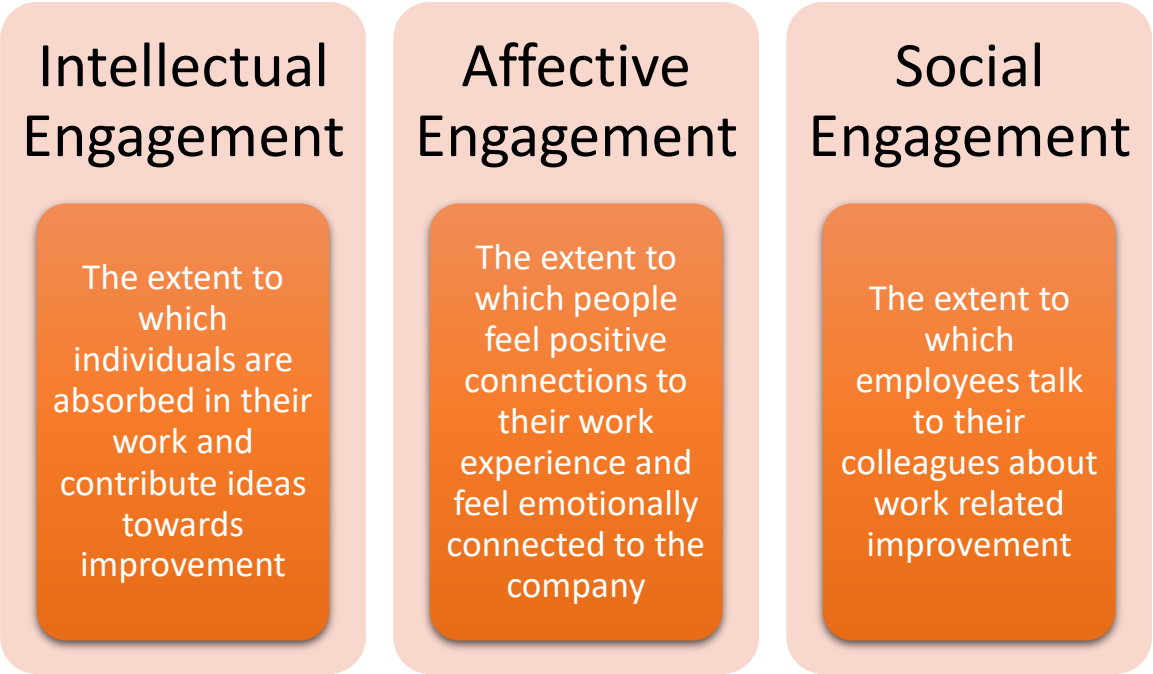
- Effective channels for Employee Voice
- Keeping Employees informed and good communication

Performance -

- Empowering employees to share their jobs
- Performance Management systems that motivate
- Opportunities for Professional development

Alfes et al (2010) say there are 3 dimensions to engagement (cited in Gennard et al., 2016).

Figure 3: Engagement Dimensions



Whilst there are several definitions, engagement is essentially a two-way phenomenon where "Employers want their team members to do their best, go

the extra mile and show commitment. Employees want jobs that are worthwhile and that inspire them. Match these two sets of wants and needs together and you have the basis for employee engagement" (Stevens, 2013, p.91).

2.2 The case for engaging employees

A recent CIPD Megatrends report suggests that employees are now working harder in less hours and that one of the factors enabling that is "the use of … workplace practices that generate engagement" (CIPD, 2013). It further suggests that motivated employees are likely to contribute more energy voluntarily and not because it is demanded.

CBK's aim for 2019 is to achieve just this; to increase productivity without increasing hours or staff, so if engagement is the answer, what is it and how do we achieve it?

Many argue that engagement is about motivation and refer back to Maslow's Hierarchy of Needs or McGregor's Theory X and Y (CIPD & IES, 2014). But largely it is still a contested construct with much debate over whether it is in fact an 'attitude' or a 'behaviour' (Guest, 2013 as cited in Sutherland, 2018).

The CIPD (2018b) note that the great majority of research shows correlation but not causation, which could mean that employees feel more engaged because they work in successful organisations. Clarke (2019) agrees with this stating that better performing companies may have more engaged staff. However, there are many academics and professionals who wholly disagree with this

theory. Rayton et al. (2012) state that there is a clear link between engagement and productivity (as cited in Gennard et al., 2016), as motivating employees gains their trust and commitment (Sutherland, 2018). If this engagement is then used as a driving force, executives will find that their organisation is more competitive and on the cutting edge (Ghasabeh, 2018).

Bersin (2015) identifies that regardless of causation, the balance of power in recent times has shifted from employer to employee as they operate as free agents, this is further compounded with the age of millennials and Generation Z. He argues that we need to focus on building an irresistible organisation with employee relations that engage staff to stay with the company. The case for doing this is big, with the average cost of replacing an employee being over £30,000 (People Management, 2018).

But not only does engagement affect retention and productivity, it also has a key link to customer satisfaction and company reputation (Loerzel, 2019).

Engaged employees ultimately contribute to the bottom line as their commitment is reflected in their service to customers (Stevens, 2013).

Employees will feel happier, healthier and more fulfilled and this is more likely to deliver improved business performance which is evidenced with profit, revenue, productivity, staff retention and customer satisfaction (CIPD, 2018).

However, a warning follows that we must value staff, give them a voice and consider their mental and physical wellbeing (CIPD & IES, 2014) and so we

cannot view engagement as a tool just to improve productivity. If we do then it will be a short-lived fad (Purcell, 2010). It is about building trust, involvement and a sense of purpose (Lewis et al., 2012 as cited in Gennard et al., 2016). Whatever a company decides to do, it must be authentic and right for the people within it (Gyton, 2017).

2.3 The barriers to the introduction of employee engagement

85% of leaders say that engagement is a priority, however only a third of organisations actually make it one. This is likely because 35% say that it is a distraction from getting real work done (Dale Carnegie Research Institute, 2018).

Engagement is a long slog, as embedding change is hard and takes considerable time. The real challenge to engagement is doing things the right way with your people every day, when you have so many things taking your time (CIPD & IES, 2014).

Harris (2017) suggests that common barriers are:

- ‘There just isn’t time’; and
- ‘We haven’t got the budget’

But he argues that the time taken now will save time in the future, and prevention is always cheaper than cure.

2.4 The techniques and process of employee engagement

There are many theories to what ‘enables’ engagement. Macleod and Clarke argue that it’s leadership, engaging managers, employee voice and integrity (Gennard, et al., 2016). Whereas Loerzel (2019) states that the 3 tools are flexibility, good feedback and creating a compelling purpose.

We have already looked at CBK’s management style, and staff feedback shows that they feel that managers are engaging, and they have trust in them, and therefore it is not useful to explore this area in depth. Staff surveys also show us that flexibility is good at the firm and that all employees are confident about their role and purpose.

However, what we can establish is that whilst CBK allow employees to have a voice in relation to the company, this is limited in the context of their own personal development. ‘Employee Voice’ is an enabler that research demonstrates as crucial to increasing engagement (ACAS, 2019a; Taylor, 2017; CIPD, 2019b). But employee voice is about much more than giving employees their say; it is about ensuring arrangements are made for them to be actively involved in decision making (ACAS, 2019a). Employees should have a voice to exert influence in decisions that affect their interests and employers should recognise the social legitimacy of encouraging this (Boxall & Purcell, 2016).

At CBK, feedback tends to be given at annual appraisals. Loerzel (2019) says that employees, and particularly Millennial and Generation Z, need immediate and regular feedback. Stevens (2013) agrees saying that appreciation should

immediately follow achievement. This is something that is considered in the recommendation.

Stevens (2013) develops this to state that encouraging ambition and focusing on career goals is essential and regular reviews should be in place to discuss this and set objectives. CBK does have performance management tools in place, yet has poor staff feedback on this area in surveys.

Mone & London (2018) says that an engaged employee is someone who feels involved, empowered and committed and shows this in their work behaviour. He says that to create this engaged workforce, a company needs to focus on performance management.

3. Performance Management

Engagement is about motivation and this can be achieved through achievement, recognition of achievement and growth and advancement (Herzberg, 2003). Giving employees the ability to drive their own development boosts engagement (Underwood, 2017).

Thus, performance management (PM) has become a key feature in the drive toward competitive advantage and achieving high performance within organisations (Bratton & Gold, 2007), as people tend to feel motivated when they have a clear career plan and the mechanics to progress (Pritchard, 2019).

Mone & London (2018) says that PM is based on building trust, fostering team development and maintaining good communication. He further sets out the concepts that achieve this:

Figure 4 : Adapted from Mone & London (2018)

Whilst practitioners may support the majority of these concepts, Gifford (2016) suggests that PM should be seen as a “continuous chain of connected activities” and tell us that whilst common PM practice has remained stable for three decades, the recent view is that traditional practices such as the annual appraisal are outdated, if in fact they ever worked.

PM should be used, not to measure past performance, but rather to give people the ability, motivation and opportunity to perform (Boxall & Purcell, 2016).

Ultimately, an employee who is encouraged to perform and who reaches the expectation of them will be engaged and happy (Underwood, 2017) and we have already seen that this in turn leads to competitive advantage and increased productivity (Ghasabeh, 2018).

3.1 Current Performance Management at CBK Wales

There is no formal HR practice for performance management at CBK and this is common in SME's, but investing in formal management practices has demonstratable benefits and improves growth and productivity (Forth & Bryson, 2018).

Performance Management was introduced by CBK's former Practice Manager through a series of process implementations. These include:

- Annual appraisals held every March
- The incorporation of a pay review at appraisal; and more recently
- An annual Personal Development Plan

Each of the firms PM processes are considered alongside current theory in the following sections.

3.1.2 Annual Appraisals

There are 2 main purposes to appraisals:

1. To help develop employees and inform learning and development activities
2. To use as a basis for decisions on reward and promotion

(CIPD, 2016)

This is true at CBK where they are used for both these purposes and additionally to give employees a voice on any concerns or issues they have. CBK's current appraisal document is contained in Appendix 3 and demonstrates the areas that are covered by the firm.

Mone & London (2018) suggest that the formal appraisal is crucial for performance management, whereas Ryan (2018) would argue that they are insulting and cement the traditional hierarchical view that your manager sits above you. CBK is a pluralist environment that does not support hierarchical structure as we have already seen.

Others have blamed them for a lack of collaboration and innovation (Cappelli & Tavis, 2016). However, it is accepted that an organisation needs a means by which performance can be measured, monitored and controlled (Bratton & Gold, 2007). Even when employee motivation is high at a company, motivation levels vary over time and should be regularly reviewed (Pritchard, 2019). However, a staggering 90% of people in a recent study by the Society of Human Resource Management, see appraisal systems as a failure (Underwood, 2017).

Power (2017) says the main issues with annual performance appraisals are bias, loss of time and the delay in negative feedback.

A manager at Adobe, when reviewing their process, stated that whilst their intent was for their reviews to be reflective of the whole year, in reality it was

based on recent events (Baer, 2014). Adobe have since abolished the annual review process.

Deloitte's, who have now also scrapped appraisals, analysed time spent on PM and discovered it was close to an astonishing 2 million hours per annum (Buckingham & Goodall, 2019).

A 2016 report showed that more than a third of US companies had ditched annual appraisals, with technology companies leading the way such as Adobe, Dell and Microsoft. Professional services are also taking this step, with Deloitte and PwC taking the lead (Cappelli & Tavis, 2016).

3.1.3 Performance Development Plans

Bratton & Gold (2007) suggest that it is not enough to set goals for employees, we also need to provide direction for performance and support that development through ongoing feedback and review. Growth opportunity with dynamic learning increases engagement (Bersin, 2015).

Kate Lindsay, senior HR at Splash Damage, says that waiting for annual appraisals to set out L&D plans is not effective as you need a present temperature of what is going on in the organisation (Faragher, 2018).

This is crucial at CBK, not only for engagement purposes but to monitor CPD for staff who are required to complete specified hours of learning.

3.1.4 Reward system

We live in a capitalist society, resulting in a workforce that expect reward and recognition (O'Keefe, 2017). At a small firm like CBK, the scope for career progression is limited, however the friendly and flexible nature of the firm means that profits can be shared in a reward system.

CBK conducts salary reviews as part of the annual appraisal but the increase has already been decided prior to the review meeting, which means that any feedback given by the employee is irrelevant to their reward, limiting the employee voice.

Cappelli & Tavis (2016) draw the comparison between motivating strong employees with money and getting rid of weak ones. But this transactional view of appraisals is hard to support in times of low inflation and economic uncertainty. Therefore, it may be counterproductive to hold a meeting where you praise someone for outstanding performance, but then demotivate them with poor reward due to economic conditions not related to performance in any way.

Holding discussions regarding pay and promotion separately to performance feedback, means that employees are in the headspace to understand and reflect on any negative feedback and improve their performance. Mixing the two risks the feedback being rejected as it can be seen to challenge their value (Hamman, 2018). .McGowan (2018) points out, in a World Economic Forum article, that women earn less and have longer periods out of the workforce, but live longer lives. He summarises that reward is important to empower females

and this is therefore a factor to consider in the 100% female support team at CBK Wales.

3.2 Performance Management Solutions to enhance Engagement

Gifford (2016) says that a wide range of tools can be used for effective PM such as manager and 360-degree feedback, learning and development programmes and reward and recognition schemes.

McCord (2014) suggests just talking simply and honestly about performance on a regular basis gets better results.

PM should be seen as a wave of light, constantly happening. Feedback can come when it happens; different perspectives eliminate bias; employees are not blindsided and everything is recorded as it happens and not on fault memories (Power, 2017)

3.2.1 Coaching

Kearl (2017) suggests that when looking at PM we should view the way sports coaches work. They cannot afford to save feedback for set performance reviews, they need to provide constant coaching during a game to give the team the best chance to win. Live scoreboards show the team when they are succeeding or failing. This allows issues to be corrected immediately but it isn't just based on strategy and correcting mistakes. Sports coaches also provide encouragement and praise which develops their team.

Employees goals cannot be plotted out a year in advance with accuracy (Cappelli & Tavis, 2016), and this is particularly so at CBK where roles change constantly due to the environment in which it operates, as discussed earlier.

3.2.2 Annual 360-degree feedback

At Netflix, 360-degree reviews were part of the strategy that replaced annual reviews many years ago and they work. Whilst they started as anonymous reviews, many teams now hold these reviews face to face! (McCord, 2014)

This also helps to eliminate the view of Ryan (2018) that reviews cement hierarchical structure and the view of Power (2017), that a sole manager conducting an appraisal may be bias.

4. Conclusion

Employee relations is about developing and maintaining a positive working relationship between an organisation and its people (CIPD, 2018a) and "employee engagement is about creating the right conditions in which employees of an organization have the capability and potential to give their best each day" (Hirtle, 2016).

Increasing employee engagement affects retention, increases productivity and has a key link to customer satisfaction and company reputation (Loerzel, 2019).

CBK has an informal HR approach and a trusting and flexible working environment (Boxall & Purcell, 2016), in line with Fox's pluralist perspective (Gennard et al., 2016).

Engagement is hard and takes time (CIPD, 2014), but the time taken now will save time in the future, and prevention is always cheaper than cure (Harris, 2017).

There are many ‘enablers’ of increasing engagement, such as good leadership and giving the employee a ‘voice’ (Gennard, et al., 2016) and by allowing flexibility, giving good feedback and creating purpose (Loerzel, 2019).

Staff surveys at CBK show that the firm is succeeding in many of these areas, however there is scope to improve how feedback is given and whether voice is given to employees in relation to their own development.

In conclusion, in order to increase engagement at CBK, the company should focus on performance management (Mone & London, 2018). Performance management has become a key feature in the drive toward achieving high performance within organisations (Bratton & Gold, 2007), as people feel motivated when they have a clear career plan and the mechanics to progress, thus increasing engagement (Pritchard, 2019).

CBK currently has a strategy that involves an appraisal, pay review and personal development plan, all held once per annum. However, it is not effective to look at performance and development just once per year (Faragher, 2018; Bersin, 2015; Cappelli & Tavis, 2016; Power, 2017; Baer, 2014; Buckingham & Goodall, 2019).

It is clear from staff surveys that CBK has a culture of shared leadership and encourages employee voice. However, the current performance management system at CBK is not fit for purpose in developing employee engagement.

For effective performance management that increases engagement, CBK requires ongoing reviews and feedback (Bratton & Gold, 2007); growth opportunity with dynamic learning plans (Bersin, 2015) and a reward system that is separate to the appraisal process (Hammon, 2018), but fairly rewards employees (O'Keefe, 2017).

This can be achieved through 360-degree feedback, learning and development programmes and reward and recognition schemes (Gifford, 2016). This should be further supported with ongoing coaching (Kearl, 2017).

5. Recommendation

Following the above conclusions, a recommendation is made for a Performance Management strategy aimed at increasing employee commitment and engagement within CBK. As research shows, if successful this recommendation will have an impact on organisational performance at CBK.

5.1 Performance Management Strategy

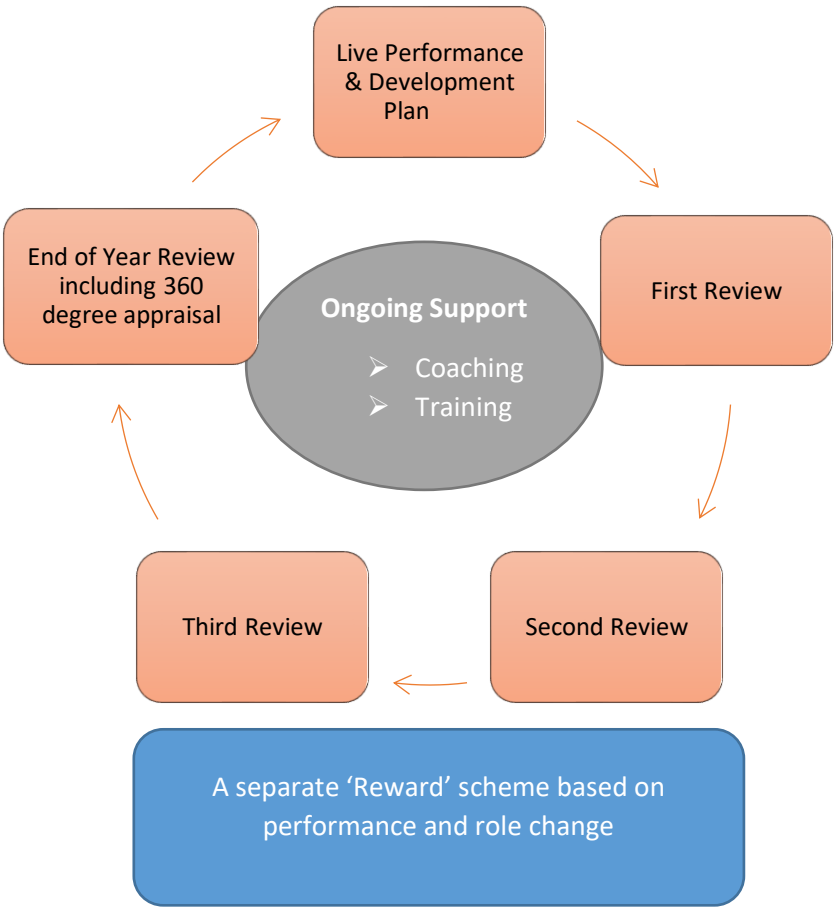


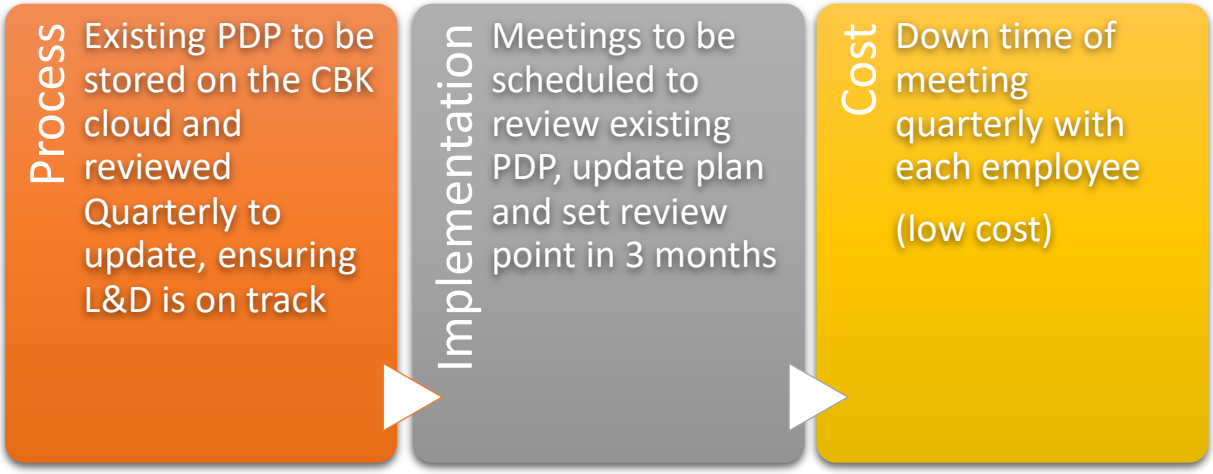
Figure 5: Recommended Performance Management Strategy

- Live Personal Development Plan
- Coaching and Mentoring Programme
- 360-degree appraisals
- Reward & Recognition Scheme

5.2 Implementation and Costings

Estimated Cost of Implementation in Year 1:	£2,250.00
Estimated cost in Subsequent Years:	£1,220.00 per annum

5.2.1 Live Personal Development Plan *(Figure 6)*



5.2.2 Coaching & Mentoring *(Figure 7)*

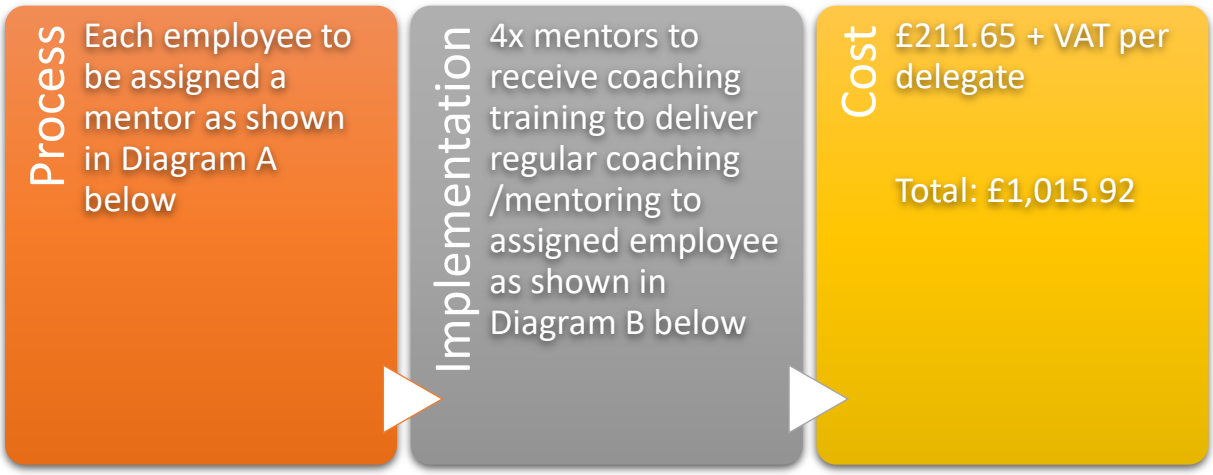
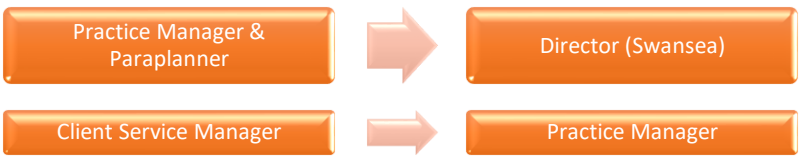


Diagram A: Mentor Allocation



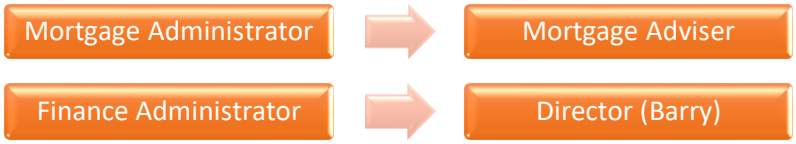
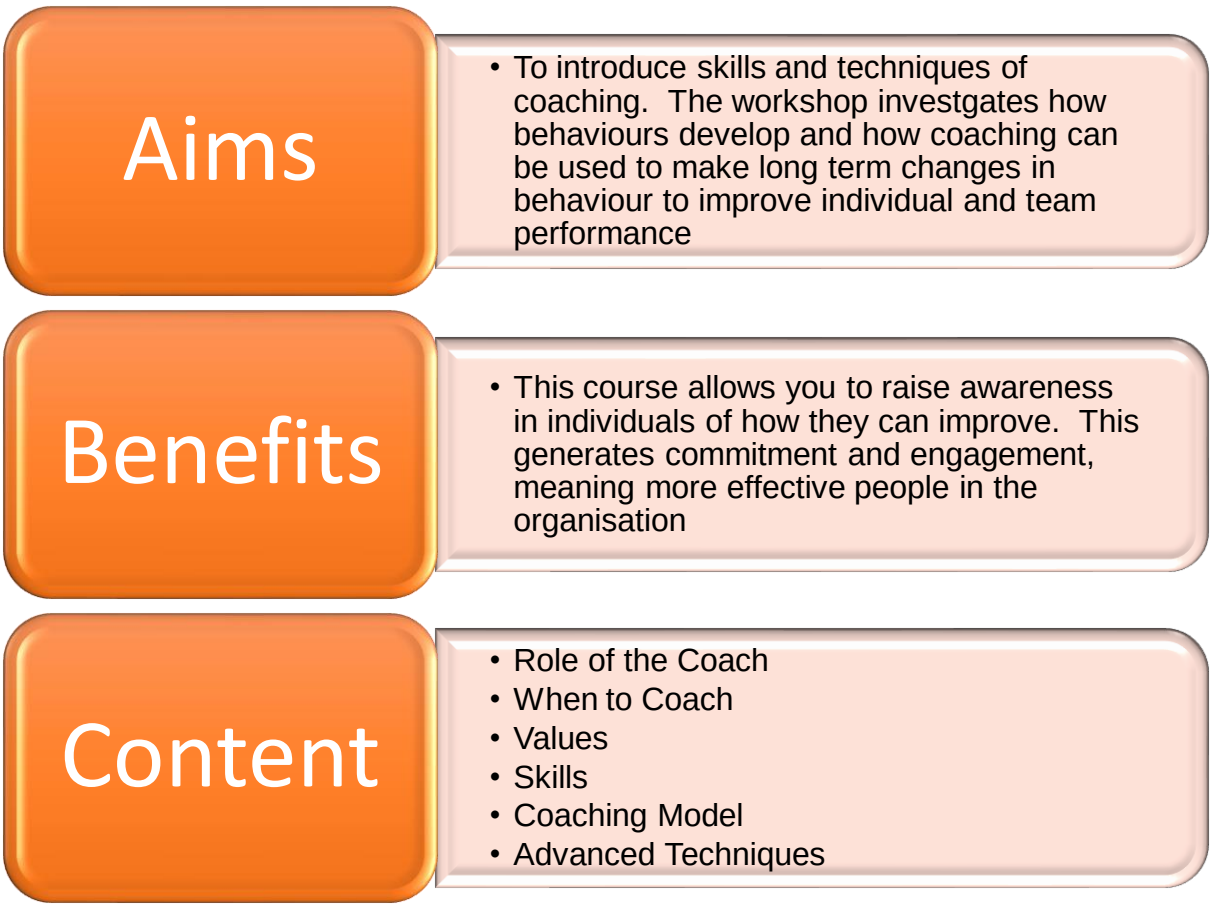
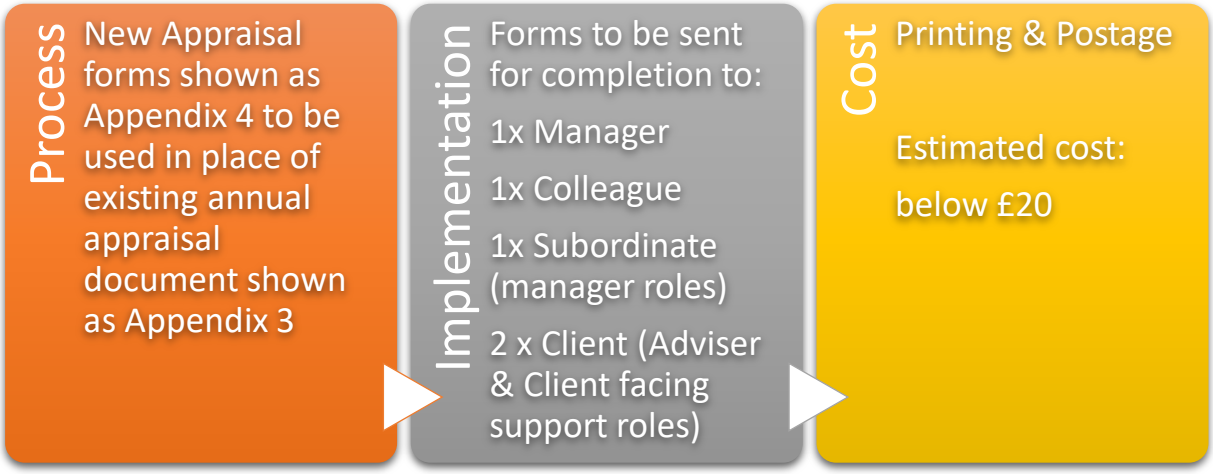


Diagram B Coaching Course Details

PROVIDER: REVOLUTION LEARNING AND DEVELOPMENT



5.2.3 360 Degree Appraisals *(Figure 8)*



5.2.4 Reward & Recognition Scheme (Table 1)

	Initiative	Content	Costing
CBK Staff Recognition Scheme	Quarterly CBK staff recognition scheme based on: • Client Feedback • Outstanding performance • New duties taken on; or • A specific achievement	Internal Email announcing achievement Social media post announcing achievement Non-taxable gift to the value of £50	£200 per annum
CBK Bonus Scheme	An annual bonus scheme based on appraisal scoring for 4 support staff *(subject to the firm reaching its financial gross profit target for the year)*	A scoring system would need to be generated from 360-degree appraisal responses (shown in Appendix 4) Structured Bonus scheme as follows: • Score 2 - £100 • Score 3 - £250	Zero - £1,000 per annum

5.3 Measuring the Effect of Performance management on Engagement

Staff Surveys (example shown at Appendix 2) should be sent out to staff twice per year to measure the effect of the implemented schemes.

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Appendix 1 – PESTLE Analysis

	External Factors	Effect on CBK Wales	Importance
Political	Government Policy on Pensions / Tax / Benefits Government advice to consumers on financial advice fees FCA and Tenet Regulations BREXIT Political Power	Creates Learning needs / advice changes Drives down fees CBK can charge Process Development required Creates client anxiety and influx of work Affects National living wage, pensions contributions and employment rights in general	Critical
Economic	Inflation / interest rate changes Cost of Living and Labour costs and salary trends in industry Consumer habit Income of potential customers in area Company Debt	Affects mortgage and savings business – knowledge need and influx of work Increased cost to business / changes to stay competitive need Changes of strategy required to meet demands and market effectively Provides opportunity but also slows business in times of uncertainty Cost of maintaining cash flow	High
Social	Lifestyle factors Rental markets	Affect protection industry and changes in knowledge required Affect mortgage business	High – mostly positive

	Population demographics Millennials Customer age and vulnerability Financial Adviser Gender	Changes in strategy required (e.g. baby boomers create pension opportunities) Expect something for nothing and want more online and automated to save money Creates friction in business flow as stringent checks needed to provide service The Financial Advice market is heavily male dominated which affects recruitment opportunities for women, affecting the benefits from diversity	
Technology	Automation Innovation Social networking Security	Need to automated advice to market to stay competitive – cost Improved technology is automating process – saving money Creates opportunity but development is huge cost to business Crucial to business need – strengthens brand Large demand on company to be compliant – costs	High and increasing
Legal	Regulation and legal change Litigation companies Consumer Protection law	Need to keep up to date and process development constant Create unwarranted complaints and increase workload to handle	Medium
Environmental	Geography Environmental concerns	Affects marketing opportunity and access to market Cost of going paperless Consideration needed for large mileage done in company cars to travel to clients	Medium

Appendix 2 – A returned Staff Survey

CBK Staff Survey - 2019	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Office Environment					
I feel that the office is a nice environment to work in				x	
I feel that there is enough light in the office					x
My feel relaxed and happy at my workstation					x
Any comments? I like the office I work in					
Management & Development					
I can speak to my manager about any concerns I have					x
I feel that my manager listens to me and values my opinion					x
When I identify a training need, it is addressed		x			
I am praised when I am doing a good job			x		
I receive constructive feedback straight away if I have made a mistake		x			
I understand my route of career progression and regularly review this with my manager				x	
I understand my role and purpose at the firm				x	
Any Comments? I don't feel that training or development is a priority at the company or that I receive feedback regularly					
My Voice					
I am regularly asked my opinions on business decisions				x	
I feel that my views are valued				x	
I feel that I have a say in my own development	x				
Differences of Opinion are welcomed at CBK					
I feel that if I have an opinion that differs from everyone else, I can voice it				x	
I am always happy to speak up if I think something needs changing in my role					x
Any Comments? As above					
Role & Reward					
My role is flexible, and I am able to adjust my hours if I need to					x
I feel comfortable to choose to work at home when necessary					x
I feel trusted to carry out my job to the best of my abilities					x
I feel fairly rewarded for the work that I do			x		
Any Comments?					

Appendix 3 - Existing Appraisal Documentation

Performance Appraisal - 2019

Personal Information

Name	
Position	
Office	
Appraiser Name	
Meeting Date	

Contents

Section 1	Self Review
Section 2	Personal Performance
Section 3	Development Need
Section 4	Objectives
Section 5	Final Comments and Signatures

Section One – Self Review (to be completed by you)

Please review your performance here. Summarise the results you have achieved this year and include areas of performance, areas for development, any training or support required, next steps and aspirations:
Type here

Section Two – Personal Performance (to be completed by appraiser)

Appraiser to review performance of appraisee in full, including areas of outstanding performance and areas of improvement

Section Three – Development Need

Appraiser to review development need, including areas for improvement and training needs identified

Section Four – Objectives

Agree Objectives for the coming 12 months – try to give at least one objective for each area	Target Dates
Strategic Thinking and Awareness	
People / Communication	
Technical Knowledge	

Self Development	
Other	

Section Five – Final Comments & Signatures

Signed by Appraisee

Print Name	
Sign	
Date	

Signed by Appraiser

Print Name	
Sign	
Date	

Appendix 4 – Recommended 360-degree Appraisal to Line Manager

360 Degree Appraisal - To be completed by Line Manager	Working below Job Expectation (0)	Working to expectation of Job Role (1)	Exceeding Expectation of Job Role (2)	Top Performer (3)
Quality of Work	0	1	2	3
Consistently Accurate in Tasks				
Produces Required volume of Work				
Meets Deadlines				
Makes an Effort to expand job knowledge				
Takes on additional work when firm is busy				
Total Score (to be calculated by Practice manager)				
Business Acumen	0	1	2	3
Understands the Importance of Profitability				
Offers new & Creative Ideas for improvements				
Is a self-starter				
Shows Initiative				
Controls cost and expense – efficient				
Is loyal to the company				
Total Score (to be calculated by Practice manager)				
Personal Attributes	0	1	2	3
Demonstrates an excellent attitude				
Projects a professional image				
Listens Well				
Is unafraid to ask questions				
Offers Criticism constructively				
Is organised and Efficient				
Total Score (to be calculated by Practice manager)				
Overall Score to be Calculated by Practice Manager				

Note: 360-degree forms differ for clients, colleagues and subordinates. This example is for line manager completion