CIPD

*Championing better
work and working lives*

Working well in *Scotland:* three pillars for a flourishing workplace

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Working well in Scotland: three pillars for a flourishing workplace

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'Our productivity performance is poorer than the rest of the UK, which is low by international standards.'

Working towards well-being and productivity

Scotland is undergoing a testing period of change in common with other parts of the UK. Even before the Brexit decision, we faced considerable challenges. Fraser of Allander (2016) research suggests that withdrawal from the EU single market will only exacerbate a situation which was already deteriorating. Scotland's economy was growing and its labour market was vibrant – and, for a time, it was outperforming that of the rest of the UK. Now employment is falling, unemployment is rising, and inactivity is on the rise as more workers withdraw from the job market.

Our productivity performance is poorer than the rest of the UK, which is low by international standards. As we pointed out in our *Opportunity through Work: Manifesto* (CIPD 2016a), Scotland could pay itself nearly £4,000 per annum more if our productivity reached the OECD average. Productivity is of course the result of many different organisational and individual decisions and actions.

In our 2015 report *Investing in Productivity: Unlocking ambition,* we explained how much of this is down to individual firms and, in turn, to whether they are optimistic and ambitious or just struggling to survive. That will determine their productivity stance and desire for growth. This means we need leaders who are prepared to lift their horizons and, in the face of challenge, government which can enable them to do so. Scotland has many leaders who want to make a genuine difference and who want to increase our nation's prosperity.

While we face uncertainty and some big challenges, it is not all doom and gloom. We have many advantages: a skilled workforce, great universities, a small and well-connected nation, good public services and an attractive environment with vibrant cities and beautiful countryside. We also have a globally renowned reputation, outlook and personality which punches well above its weight. Working well will help Scotland address its many challenges and take the many opportunities available, especially as we enter new markets and develop new trading relationships. Whatever our constitutional destiny, we will still need to export in order to create the jobs and incomes we need. Scotland's new 'fiscal framework' rewards us if we increase our economic growth and withdraws extra funding if we do not. If we are focused on that, it would help create more productive and innovative workplaces while also helping to keep people well and flourishing so that the challenge of poor health and an ageing workforce can be mitigated. To reinforce a well workplace, we need to focus on building **three** central pillars of support.

1 Well-being and productivity

Well-being and productivity are intertwined, as poor well-being leads to poor productivity. The brute arithmetic of sickness absence and lost production, the

effect of presenteeism and stress, as well as the hidden pressure of worry and anxiety over issues such as personal finance are indirectly reducing job satisfaction, impacting our productivity and increasing costs to society. If we tackle one, we tackle the others. Looking after people at work pays real dividends and we can do it for relatively little investment.

2 Resilience and agility
Work is changing constantly and resilience and agility are now more necessary than ever. Learning and development is vital to stay ahead of the challenges of technology; ensuring that we can work with technology will help us to become both more prosperous and more productive. Adapting to technology both in the workplace and in society more generally will mean that we can use it to build a productive, prosperous and inclusive workplace. This is beneficial to business, economies and therefore society. Learning to understand ourselves and others, decision-making in an age of distraction and increased demands, and developing our innovation intensity through curiosity are other key aspects of the resilience and agility pillar.

3 Inspiring and engaging leaders
None of this can happen without leaders who are motivated to build a well workplace. Engaging, inclusive and inspiring leaders will help people to be well and productive, they will ensure that workers have the resilience and agility they require for these testing and exciting times, and they will focus not on the short-term bottom line but on building flourishing workplaces – which will indeed deliver better results for the long term.

By addressing the issue of inspiring and engaging leaders, linking well-being and productivity, and ensuring that we build resilience and agility in the face of major challenges at work and beyond, we can help Scotland flourish in a frenetic, and often perplexing, world. Furthermore, we believe that the role of HR and learning and development professionals is vitally important in supporting and challenging line managers and leaders to ensure that we can work well in Scotland.

'...linking well-being and productivity... we can help Scotland flourish in a frenetic, and often perplexing, world.'

Introduction

In 2015, CIPD Scotland released its *Scotland's Skilled Future* report. Reflecting on the labour market aspects of the momentous choice which Scotland faced at the time, we explained the importance of building a skilled and capable workforce as our surest ticket to future prosperity. We explained that to meet those big challenges and to harvest the opportunities that would arise, we had to deliver four big 'asks'. These are outlined in Figure 1.
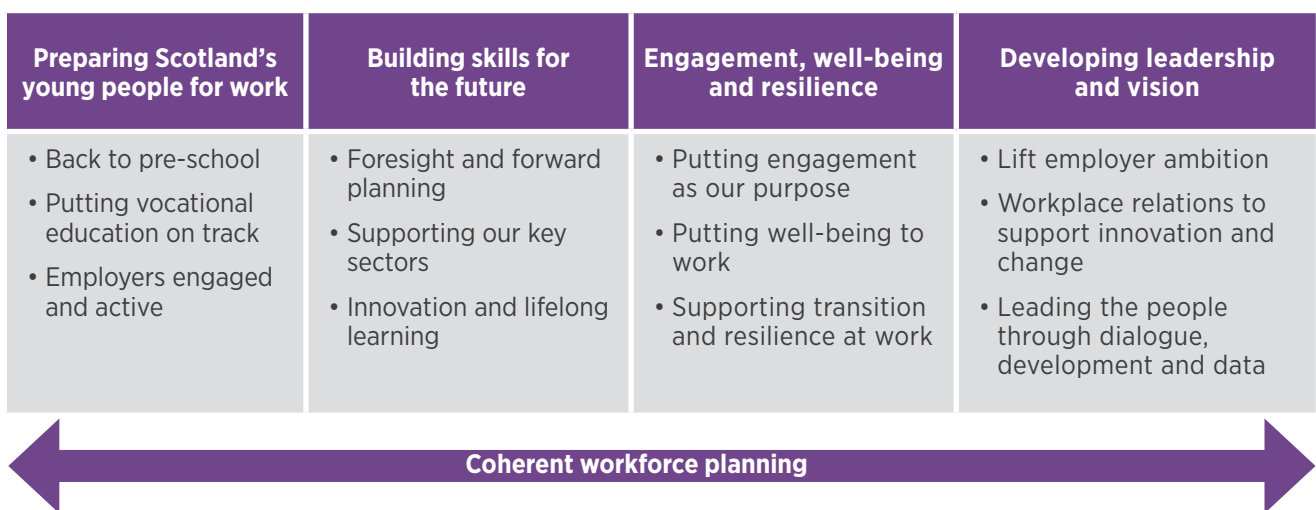
By focusing on the key agendas of building the skills of our young people – the skills for the future of engagement, well-being and resilience – and providing the leadership to compel others to ambition and action – we drilled into the 'supply chain' of an effective policy to champion better work and working lives in Scotland. We considered the world of work from pre-school to pension age and beyond, integrating the importance of a wider plan for work, workforce and workplace in Scotland. We also tackled big current challenges, such as our overdependence on oil and gas and financial services, as well as our ageing workforce and the opportunity and threat of automation. We also looked at challenges for our public sector organisations and explained that the preponderance of SMEs in our industrial structure suggested that a more nuanced and networked approach would be required. Indeed, the CIPD resolved to help Scotland's HR and business community work on those issues with, for example, our People Skills initiative offering quality HR support to small businesses free of charge. This has proved very successful in Glasgow, one of three UK pilot areas, where the city council has committed to continue funding the SME support once the initiative came to an end. We will be publishing our final analysis of the project later this year.

The Scottish Government, over subsequent years, has pursued a markedly different approach to both skills and the workplace than the UK Government – although on skills this is now converging somewhat with the introduction of the apprenticeship levy. There is, however, still a marked difference between Scotland and the rest of the UK in terms of our approach to the world of work.

Figure 1: Scotland's skilled future four 'asks'

Preparing Scotland's young people for work	Building skills for the future	Engagement, well-being and resilience	Developing leadership and vision
• Back to pre-school • Putting vocational education on track • Employers engaged and active	• Foresight and forward planning • Supporting our key sectors • Innovation and lifelong learning	• Putting engagement as our purpose • Putting well-being to work • Supporting transition and resilience at work	• Lift employer ambition • Workplace relations to support innovation and change • Leading the people through dialogue, development and data

← **Coherent workforce planning** →

Source: CIPD (2014)

That world of work has been disrupted further by the seismic political events of 2016 and the ensuing uncertainty. Adding to the backdrop of slower economic growth and increasing inequality, we now see considerable challenges around the workplace. Since the referendum on independence in 2014, Scotland has suffered the consequences of a global downturn in oil prices and the continued impact of austerity. We have also experienced a worrying blip in our forward progress on employment and labour market participation.

In this, our latest contribution to the debate, we wish to focus on what we believe to be the overwhelming need in today's environment of uncertainty, upheaval and challenge: that of flourishing, innovative and productive workplaces. It is our view, in common with the Scottish Government, that the workplace isn't just a hub of economic activity and opportunity, but a space where many issues, ranging from education and skills to health and wellness, come to bear. We are convinced – and the evidence supports that conviction – that by creating well workplaces that enable people and organisations to flourish, we will truly release the potential of Scotland's people. We know that the role of HR and L&D professionals – as the specialists

in managing people to address the big societal challenges around work – is vital to this endeavour. Just as it's important to provide timely finance and innovation to organisations, the people resource has to be ready and able to deliver. Working with our 11,000 CIPD Scotland members and 100 volunteers, hundreds of students in development as well as our extensive research and professional development resource, we aim to provide Scotland with a people and development excellence that will propel us into the exciting, if often unnerving, future world of work.

By focusing on **three key aspects** of the people and development agenda, we hope to build a more integrated approach to solving the problems faced by Scotland and benefiting from the opportunities available. We start by establishing an often neglected link between well-being and productivity.

'We are convinced – and the evidence supports that conviction – that by creating well workplaces that enable people and organisations to flourish, we will truly release the potential of Scotland's people.'

Well productive: the link between well-being and productivity

'Ranked with comparable nations, our health as a nation is shocking. Our mortality is 40% higher than that of England. Indeed, it compares more with former communist countries in Eastern Europe.'

The complexity and challenge of our modern nation means that we will need to think flexibly and adeptly about the problems we face. One of our biggest problems in Scotland is well-being. Our workforce is ageing, and less healthily, given higher levels of chronic and lifestyle diseases. Many people live with conditions such as cardiovascular disease, mental illness and dementia (National Statistics Scotland 2016). Ranked against comparable nations, our health as a nation is shocking. Our mortality is 40% higher than that of England. Indeed, it compares more with former communist countries in Eastern Europe (McCartney et al 2014). As a society, and given our population challenges, we need as many people prospering and productive in work as we can muster, but we already know that this ill health effect hinders that effort. While work is part of the problem, it is also a big part of the solution.

Work is a fundamental part of our lives, consuming a large amount of our time, but it is also responsible for much anxiety and illness, as indeed is its absence. Building well workplaces is a fundamental challenge and opportunity. Looking after people, both physically and mentally, will help us all to be healthier and more thoughtful about our health over a longer lifespan and will hopefully mitigate some of the costs and consequences that affect our organisations, such as sickness and disengagement. Of course, these are big and complex challenges, but they are worth pursuing. The late economist Tony Atkinson (2016), who pioneered serious quantitative work on the impact of inequality, demonstrated that societies with high inequality had poor health and high levels of social problems and, thus, higher costs, which we all end up paying.

Figure 2 shows that the UK has a higher level of inequality – which drives poor health and well-being – than the Nordic and north European countries we seek to emulate. However, it's much worse: we trail countries such as Ireland, Spain and even Greece, which are much poorer in economic terms. Atkinson offers many solutions to the problem of inequality at a societal level, many of which are being pursued to some degree by the Scottish Government and are being seriously considered by the UK Government.

In Scotland, a focus on the workplace is a key plank of policy. The Government sees fair work as one of the most valuable building blocks in creating what they term 'inclusive growth' (Scottish Government 2016). In 2016 an independent commission of industry, union and academic leaders produced what is known as the Fair Work Framework. This seeks to build through key workplace interventions a fair and productive set of policies, involving job security, diversity, voice and engagement plus a range of other objectives. At the heart of fair work is our ability to obtain and sustain a working life.

Figure 2: Inequality, health and social impacts: OECD countries
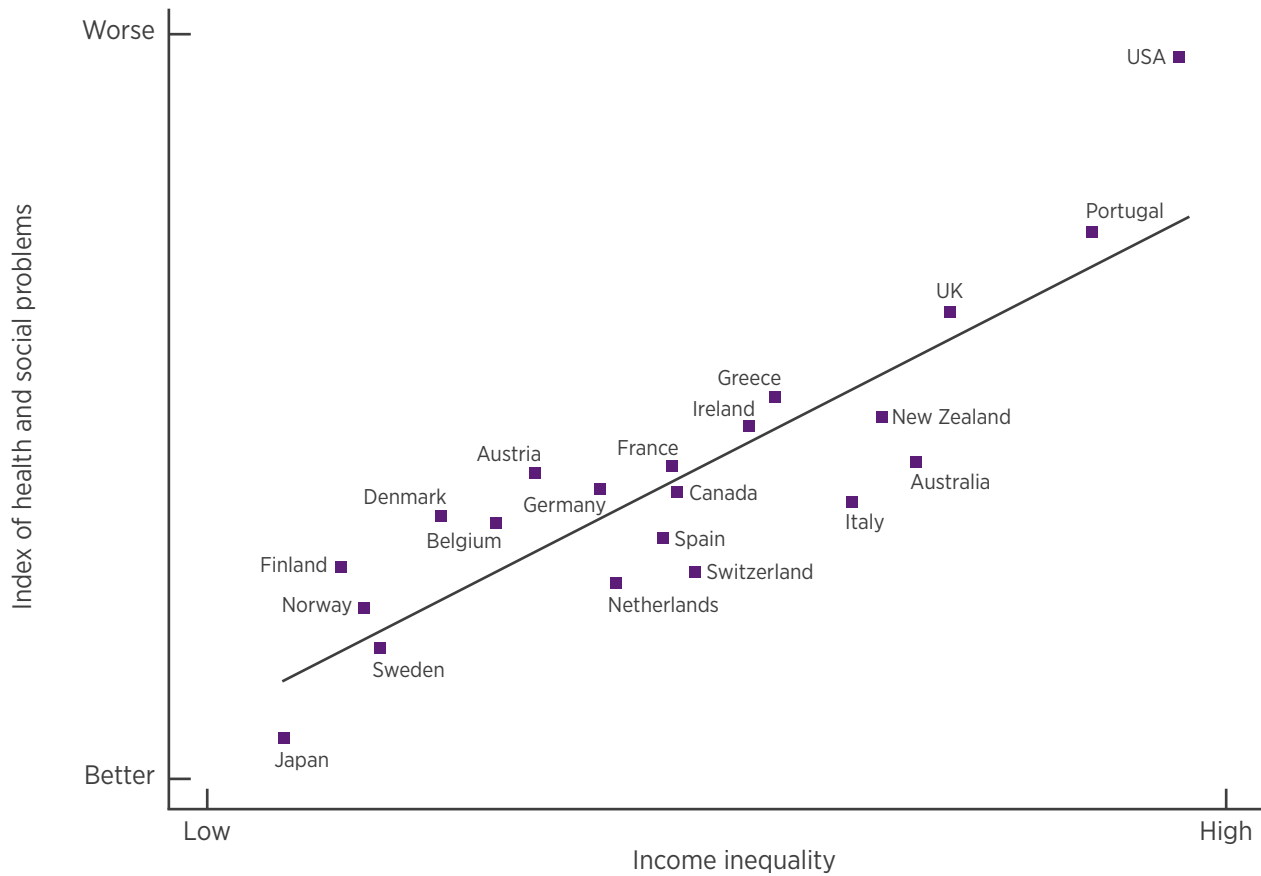
Source: Atkinson (2016)

Healthy Working Lives – the Scottish Government/NHS agency responsible for tackling these issues at workplace level – demonstrates how workplace well-being effects feed through into the health of our population. The CIPD understands that inequality of income, which is not as pervasive as inequality of wealth, is still a serious problem. The divergence, for example, between the pay of senior executives and their workforce is now vast, which serves only to demotivate the workforce and harm productivity. We are currently working with the High Pay Centre to develop concrete proposals that address this issue (see CIPD 2015d).

'Organisations need to support and encourage line managers to support people and challenge senior leaders on the human impact of organisational practices.'

Illness at work: mostly in the mind

Discussion of well-being used to focus on physical health issues such as musculoskeletal disorders (MSD), chronic disease prevention and lifestyle health impacts, such as smoking and obesity. However, it's now clear that not only are mental and physical health related, but that poor mental health and stress, usually in the form of mild depression and anxiety, have the same corrosive effects on general health. In conditions such as depression, the workplace is often at the centre. Interestingly, while men report job strain as a significant factor in their condition, women indicate that low social support is a significant factor (Dewa and McDaid 2011). According to Cotton and Hart (2003), when people report mental illness:

'Research has shown that it is a person's level of energy, enthusiasm and pride that more strongly influences their decision to take time off work, rather than the level of distress they may be experiencing.'
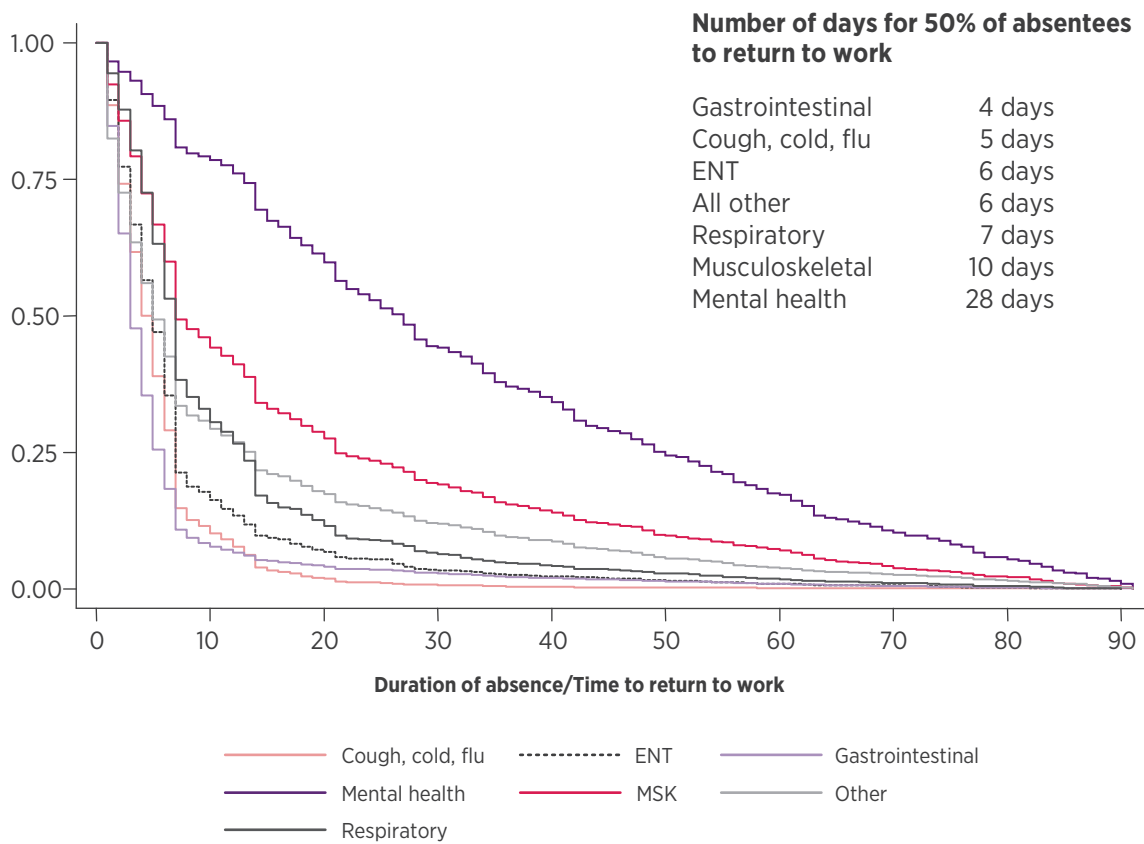
Here lie three issues which point to how we can build well workplaces. The strain of work is down to job design, tasking, scheduling, and training and development. The lack of social support can be attributed to both the culture of an organisation and working environments that increase isolation, exploitation and threat. The issue of energy, enthusiasm and pride is down to engagement, and that goes beyond distributing surveys to creating a fundamental sense of purpose for individuals. These are three issues in which people and development professionals can, and must, intervene. In a major review of 485 studies covering 270,000 individuals. Farragher and colleagues, including CIPD President Professor Sir Cary Cooper, demonstrate that job satisfaction is much more strongly correlated with the health of workers (Farragher et al 2005). However, their research also explained that in cases of stress and mental ill health, individual distress is less important than addressing organisational practices. Organisations need to support and encourage line managers to support people and challenge senior leaders on the human impact of organisational practices, especially change and restructuring:

'Many people spend a considerable proportion of their waking hours at work. If their work is failing to provide adequate personal satisfaction – or even causing actual dissatisfaction – they are more likely to be feeling unhappy or unfulfilled for long periods of each working day. It seems reasonable to hypothesise that such individuals are at increased risk of experiencing a lowering of general mood and feelings of self-worth while at work culminating in mild levels of depression and/ or anxiety. If continued unresolved, such emotions could eventually lead to emotional exhaustion, particularly if the individual is unable to prevent their feelings from spilling into their home/social life.' (Farragher et al 2005, p108)

Economic research on workplace well-being tries to measure subjective well-being and focuses on the impact of affect, using survey evidence from the UK Workplace Employment Relations Survey (WERS) (Bryson et al 2014). This research, conducted for the then-UK Department for Business, Innovation and Skills, tries to identify subjective well-

Figure 3: Sickness absence duration

Number of days for 50% of absentees to return to work

Gastrointestinal	4 days
Cough, cold, flu	5 days
ENT	6 days
All other	6 days
Respiratory	7 days
Musculoskeletal	10 days
Mental health	28 days

Duration of absence/Time to return to work

Legend:
Cough, cold, flu — ENT — Gastrointestinal — Mental health — MSK — Other — Respiratory

Source: University of Glasgow Institute of Health and Well-being (2016)

being and its impact on company performance. It draws a distinction between *hedonic* well-being or *affect* (how people experience their feelings), and *eudemonic* (the extent to which a person feels positive, vital and/or has a sense of purpose).

The findings showed a *'clear, positive and statistically significant relationship between the average level of job satisfaction among employees at the workplace and workplace performance between 2004 and 2011'*. Significantly, these periods fall between one of major economic optimism and the financial crisis, its impact and aftermath. The indicators of job satisfaction predicted by hedonic subjective well-being were correlated with financial performance, labour productivity and quality. Moreover, workplaces with very satisfied employees have higher organisational performance, while those with lower satisfaction had much lower performance. Interestingly, the study – the first of its kind and one of the most rigorous – does not find a link between changes in job-related *affect*, that is, how the individual feels, though they do speculate that if the individual feels negative this is likely to have a similar impact on job satisfaction and vice versa (Bryson et al 2014).

The Scottish Government's Healthy Working Lives initiative goes a step further. The increasing complexity of the nature of well-being at work is characterised by the term 'bio psychosocial'. This compound term suggests that everything which happens in our health is interrelated, and work is a major factor in the chain that impacts general well-being. Professor Ewan McDonald of Glasgow University, who leads Healthy Working Lives, explains:

'Bio psychosocial approaches are joined-up well-being. If you look at what keeps people off work and out of work, it's quite often mental ill health, and if you look at what makes them physically ill, it often originates in mental illness, and that can originate in what's going on at work, home and the community. Most of the work-based mental illness isn't acute; it is generally issues like anxiety and mild depression. We can tackle it.' (Speaking at Head Torch 'Works Mental' seminar, Glasgow, 19 January 2017).

Mental ill health – or, as it's often reported, stress – is by duration the most acute cause of sickness absence (see Figure 3). Even painful and troubling conditions such as ulcers and respiratory problems have relatively short absence duration, while mental health accounts for the higher level of long-term absence. The CIPD's 2016 *Absence Management* survey is – unlike the Glasgow University research, which is based on medical and government records – a sample of employers, who see stress and mental ill health accounting for around two-fifths of short-term absence. In terms of longer duration, just over half of absence days are accounted for by mental ill health and stress (CIPD/Simply Health 2016).

Given the profile of mental ill health in absence and the pain and anguish it causes individuals and families, as well as demands on the healthcare system, it seems that if we work on this aspect of health, which has a big crossover into the world of work, we could make a real impact.

Scotland's problems with health, which feed through into the workforce and the workplace, are also rooted in inequality. Scotland's struggle with chronic health problems, brought on by lifestyle factors such as alcoholism and obesity, also impact the workplace. If we value workplace well-being, we will generate value from it. But first we need to better equip people to meet the challenges and opportunities they will face in longer working lives.

Responding well: the importance of resilience and agility

The future of work is still human

Adapting to the emergent world of work is a complex challenge. Issues such as the role of technology, globalisation, demographics and the like are at the forefront. However, one issue seems to dominate. It's difficult at the moment to have a discussion about work without that discussion raising the spectre of the death (or dearth) of jobs. Recent forecasts are gloomy: one report by Deloitte with Oxford University predicted that 10 million mid-level jobs, earning as much as £30,000 per year would be replaced by technology, while in Scotland a Strathclyde University report suggested 14,000 jobs in financial services would go as the financial technology revolution based on advanced encryption and blockchain currencies takes hold (Broby and Karkainnen 2016). The prediction of robotically driven taxis, lorries, buses and trains, and quite possibly drone passenger aircraft, is painted with a resultant future of poverty for large numbers of unemployed, while a pampered elite draws massive salaries from their higher-paid employment. The truth, however, is much more complex and exciting.

First, though jobs may change massively, reports of the death of work have been greatly exaggerated. Indeed, the Deloitte survey and the Strathclyde University report both predicted that these jobs would be replaced by new, higher-paid jobs made possible by the technology.

While technology has potentially contributed to the loss of over 800,000 lower-skilled jobs, there is equally strong evidence that it has helped to create 3.5 million new jobs in their place. Each one of these new jobs pays on average just under £10,000 more per annum than the ones lost. Crucially, every nation and region of the UK has benefitted and it is estimated that this technology-driven change has added £140 billion to the UK's economy in new wages (Deloitte 2015).

Assessing long-term trends, two Oxford economists estimated the technology wage gain over 14 years. The lion's share of gains have gone to London and the south-east of England, with around £60 billion in increased wages over the period 2001–15 (Frey and Osborne 2015). But Scotland has secured around £10 billion in this increased value from higher-paid technology-driven jobs, which is far more proportionately than other, more populous regions.

Taking a wider perspective – and looking at economic history – shows that this is a consistent story: where technology has been deployed, major new jobs have resulted as technology increases the efficiency of people (Autor 2015, pp3–30):

'Automation does indeed substitute for labor – as it's typically intended to do. However, automation also complements labor, raises output in ways that lead to a higher demand for labor and interacts with adjustments in labor supply … a key observation … [is] that journalists and even expert

'It's difficult at the moment to have a discussion about work without that discussion raising the spectre of the death (or dearth) of jobs.'

commentators tend to overstate the extent of machine substitution for human labor and ignore the strong complementarities between automation and labor that increase productivity, raise earnings and augment demand for labor.' (Autor 2015, p5)

As Autor goes on to point out, tasks that are not substituted by automation go on to be enhanced and improved by it. This, in turn, increases productivity and efficiency, and increases the scope for new products and services in some cases. For example, the introduction of ATMs led to an increase in the number of retail bank staff as there was branch expansion and staff deployed were able to enhance customer service through relationship banking (Bessen 2015). However, the caveat is that if a worker can be substituted – like many shovelling labourers, for example, by an earthmover that some displaced workers drive – there will be fewer labourers overall. If the bank worker can reconcile a ledger, which is replaced by a spreadsheet, but cannot interact with a customer, their employability will be compromised. New jobs being created require a combination of creative, technical and interactive skills. That means we should be putting skills transition and enhancement at the centre of the workplace.

Second, we can only become adaptable for new jobs if we learn constantly throughout our lifetime. We should be preparing young people for this new world well in advance, and much work is taking place to do this. But we should also be helping people to learn at work. Using the massive resources available to us, and developing partnerships with a variety of providers, we should make time to learn and develop. The CIPD

is already at the forefront of reshaping how workers learn in the workplace. Our partnership with leading learning technology firm Towards Maturity points to six key behaviours (Towards Maturity/ CIPD 2016):

1 Leverage learning optimism: learning effectiveness is about impact and reach, not just budget. Resource is being allocated to learning by what the Towards Maturity benchmark study of 4,500 companies over 13 years calls the 'top deck'. In the world of digital we can achieve a lot with less, and our industrial methods of measuring learning spend as an input doesn't help us. Thirty-six per cent of organisations have seen an increase in their L&D budget, while the same proportion have seen an increase in the training team. Often that has been in the form of new skills and sometimes it has been brought in from other areas. That's grounds for optimism. Seize it and build on it by connecting learning deeply to what happens at work.

2 Integrate learning and work: helping improve performance and productivity should be at the centre of what we do. Eighty-five per cent of learning leaders see this as critical and 61% say their L&D is aligned to the strategic goals of the organisation. That said, we also need to be offering employees learning opportunities that help them to perform and prosper, learn new skills, take on new challenges and stay a step ahead of change. To do that you need to know what problems people and organisations are seeking to solve.

3 Actively seek to understand the internal customer: only 30% of those surveyed in our 2015 survey with TM proactively understand how learners currently learn.

Just under half still think that the classroom is the best route to improving performance. This raises the issue of technology, which is the fourth major insight of the report.

4 Put technology on the learning agenda: it is quite clear that we are in a world of technology-enabled learning and with that comes a requirement for new skills and capacities. About a fifth of L&D budgets are spent on technology and that is growing fast. Yet only 23% think their teams have the skills to exploit this fast-growing resource for business and people advantage. That means we need to think in terms of the emerging skills around digital.

5 Think digital: we all need to get better at designing and delivering digital learning, whether running webinars, using technologies or engaging learning events through collaborative tools and social media. Only 20%, of those surveyed, for example, have the skills to support collaborative learning, which is increasingly critical to today's agile workforces. This requires specialist skills – but they are creative as much as technical, so a skills shift is needed.

6 Proactively invest in new L&D skills: the importance of networks and professional bodies such as the CIPD has never been more crucial. Yet over a quarter expect L&D staff to meet the challenges of the modern workforce without any help. Help is at hand. The report gives a great insight into what good L&D teams and individuals should be focusing on. The challenge is to do this with another big focus: curiosity and humanity.

Thinking it through

In a fast-paced world full of challenge and distraction, one of our best strategies is to equip ourselves and our organisations with the skills to think and make decisions in a mindful and balanced way. The CIPD has been engaged in long-term research applying insight from behavioural sciences and the growing relevance of neuroscience to the world of work. Popular science, based on extensive academic work, has shown how our sophisticated thinking brain can be hijacked by the neural fast response system, which, in an earlier stage of evolution, kept us away from danger and sought out stimulus (Kahneman and Tversky 2011). The difference between our subconscious brain, and our conscious decision-making brain, based in our pre-frontal cortex, is important for all of us to understand. Bias and discrimination are part of that subconscious brain and, as our *Head for Hiring* report shows, we often make decisions about people's 'characteristics' without knowing it, until we slow down and think (CIPD 2015a). How we think about issues such as pay and how we judge reward in relation to others, for example, is also an aspect of our cognitive awareness. The CIPD's *Show Me the Money* report (2015c) explained how these issues affect pay and, more importantly, our perceptions of it. Our subjective decision-making around issues such as personal finance, how we spend and save, are addressed in our latest report with Close Brothers, *Financial Well-being at Work.* Our feelings of financial well-being or pressure can directly and indirectly affect our well-being and performance at work (CIPD 2017b).

Connecting with chemistry

The neurochemical nature of stress is well established. In effect, the overproduction of cortisol in response to perceived threats floods our brain and nervous system, which has both psychological and physiological impacts. The need to understand the effect of other key neurochemicals which drive our thinking and behaviour is also key to working well in a complex world. Research on financial traders, for example, finds that they exhibit extra high doses of testosterone and subsequently take disproportionate risks (Coates 2012). There are similar chemicals which become more apparent when we bond and connect, such as oxytocin, and others which fire aggression and flight, such as adrenaline. According to Watkins (2016), our emotions are chemical as much as anything else. An accessible and timely introduction to the role of our ancestral wiring and chemistry and how it impacts our modern-day workplace behaviour is provided by Sinek (2014).

There is in the new world of cognitive science a welter of insight on everything from how people make judgements of others' appearance to how to overcome distraction (Levitin 2014). One aspect of thinking which seems both essential for our times and less commonly addressed is curiosity. It is the standout skill and behaviour of forward-looking organisations and individuals and is essential to innovation and new thinking, which we increasingly need from individuals and organisations.

Curiosity the standout skill

Curiosity is the desire to learn and discover, and it is crucial to learning in a new and complex world of work. It is also the foundation of innovation and creativity. Curiosity primes our brains to better retain information and may predict performance

'There is in the new world of cognitive science a welter of insight on everything from how people make judgements of others' appearance to how to overcome distraction.'

better than general intelligence. The existence of curiosity is defined by several key attributes: openness, inquisitiveness, creativity and distress tolerance (Silvia and Kashdan 2009). Curiosity is, in effect, a state of mind and a habit of thinking: do we like experimenting and trying new things? Are we open to experience and to people and cultures? Do we have a level of dissatisfaction with the status quo? Can we pinpoint possible improvement?

Distress tolerance

This is about taking risks and persevering, often in the face of fear and uncertainty. Can we live with discomfort, an amount of disruption and a fair amount of ambiguity? As Silvia and Kashdan (2009) argue, distress tolerance is critical to enabling curiosity and knowing where people sit within the four dimensions provides an insight into how curious they are and are capable of being.

Research shows that curiosity is one of the least appreciated capabilities in organisations. A report commissioned by pharmaceutical company Merck

(2016) points to the low incidence of curiosity as a skill. Only about 20% both self-identify and are identified as curious. The CIPD identifies curiosity as one of the key behaviours for people and development professionals but, because it's a behaviour that is hard to pin down, we tend to prioritise skills such as service delivery and being organised. These skills are important, of course, and the Merck research shows that a similar process happens in organisations more generally. To really build resilience and agility, curiosity needs to become more common and we all need to identify it more. It's an essential aspect of resilience and agility.

For people to be in the right mood and mindset, they need to feel well in body and mind. By feeling well, they can build resilience and agility and develop the resourcefulness and future focus to learn and develop. Working smartly can build productivity and growth. This is the key issue at the heart of working well in Scotland.

Leading well

Scotland has a great heritage of rethinking and reforming the world of work. Adam Smith in the *Wealth of Nations* was part of that trend, which was aimed at improving work for those enduring the drudgery of late-eighteenth-century manufacturing. Robert Owen's New Lanark experiment linking the welfare of workers and their families with better quality and productivity was another. Nowadays, we have a new swathe of organisations that put a premium on creating better work and workplaces, while also reaching out to the wider community. That is because of their values but also because they recognise that in a complex knowledge economy, value will only be added to their businesses by motivated and engaged people.

Leading with support and challenge

Most leaders in Scotland are familiar with the methods of coaching and mentoring, and many are trained in a variety of techniques to manage people. Many workplaces need to use these skills more, to cast aside some of the more routine and disengaging people management methods. For example, many of us have used performance review and appraisal as a lynchpin of our approaches; many of us followed talent management approaches which favour a small band of employees; and some of us have given little thought to what motivates beyond money. On performance management, the CIPD has conducted a systematic review entitled *Could Do Better* and identified some

of the problems and pitfalls of performance management. We could do better, for example, by delinking performance and reward, by giving feedback more often and by recognising that as work gets more complex and nuanced, so must our own training and insight (CIPD 2016b). Increasingly, leaders need to think about the wider workforce and its skills and knowledge. In a financial services firm, for instance, everyone from an apprentice accountant to a trading analyst needs to grow and develop; if we focus only on the top layer of talent, we will not grow the potential of a large number of our people. It's also clear that in a world of complexity and challenge, we need to include the skills and capabilities of a diverse workforce. This isn't a dignity at work issue or a human rights issue; it's a business issue. A narrow 'in group' of employees cannot solve the problems we have. The limited mindsets and narrow perspective of many senior people in financial services during the global financial crisis is a case in point. The continued disadvantage of women through a gender pay penalty which opens up significantly as they age and have children is unsustainable. How we tackle it is open to debate: better design of work, ingrained flexibility, a focus on output rather than presence in how we assess performance, and giving men the opportunity to play their part in childcare. Examining our biases and introducing blind recruitment, for example, would help break down the obstacles to inclusion which we all know exist.

'We could do better, for example, by delinking performance and reward, by giving feedback more often and by recognising that as work gets more complex and nuanced, so must our own training and insight.'

Leaders who engage and connect

The CIPD's purpose is to champion better work and working lives, and all of our members and volunteers are passionate about this. It is what drives their behaviour and interactions. There is nothing more important in organisations than creating a sense of purpose, and leaders have a special responsibility for upholding this. In our Shaping the Future research in 2011, designed to look at how to build sustainable organisation performance, we explained how a sense of purpose is critical. Simon Sinek explains how a strong sense of purpose is central to thriving organisations and that, conversely, those without a defined purpose, or with one which is narrow and insular, often drift and become divided (Sinek 2014). Yet many of our largest enterprises are failing to communicate purpose enough. Engagement has been a major issue in business and policy circles for many years. MacLeod and Clarke (2009) and a range of academic authors explain how engaged workforces deliver better results, performance and better productivity. But for many people, employee engagement is a system, a box-ticking event which paradoxically does anything but engage. We need to put that right. In some ways, we need to rediscover engagement as an integrated approach to managing people – everything is an engagement opportunity, from how people are recruited and developed to how they are paid and how their performance is measured. Engagement, ideally, is about energy, involvement and efficacy. However, it's also clear that, given that the expectations on employees in terms of effort, skills, flexibility, behaviour, and so on, are increasing, they are generally receiving less in return in terms of protection and security of tenure. Maslach et al identified this imbalance as:

'Violation of the psychological contract which is likely to produce burnout because it erodes the notion of reciprocity, which is crucial in maintaining well-being.' (Maslach et al 2008)

Leading human

This brings us to our final leadership attribute for a well workplace: the importance in these testing times of ethics, empathy and care as a key aspect of management behaviour. The CIPD promotes an approach based on principles, judgement and aiming to create organisational value, rather than focusing on a narrow set of objectives. The challenges we have set out hitherto in this report – everything from managing the impact of technology to developing more flexible working or a new, more inclusive and integrated talent proposition – have, at their heart, the need to make work more human. Key to that is leaders who exercise human traits, who do the right thing, who are aware and alive to the needs of others, and who, above all, care for their employees. Being more human means giving people slack and capacity, helping them in the challenges that life throws at them by offering flexibility, and being driven by output, not presence. It's also about behaviour. Remember each time we interact whether it's by email, face to face or by gesture or policy, we can either engage or enrage our colleagues. Being aware that we do that, and that we will get it wrong, is a big step towards leading human.

Since the HR and learning profession has to lead this agenda, it's critically important that we are aware of how our interventions and policies come across to both managers and employees.

This builds what Sinek (2014) calls a circle of safety that, however difficult the times and disruptive the transition, brings people together at work. What could be more crucial and what could contribute more to working well and what could prepare us better for a challenging but exhilarating future?

Conclusion and recommendations

The challenges and opportunities we face as a nation – such as Brexit and developing global uncertainty – demand a response that both reassures and inspires. Work is changing, but it's not going away.

Helping people adjust to technology, develop skills and knowledge for a very different future, and learn how to think and decide better will build resilience and agility in this emerging world of challenge.

We should focus on how we can help people stay well at work and understand the need to support mental health in particular, given its increasing prevalence as the most common cause of work-related incapacity. By also helping our workforces resolve other lifestyle issues, such as obesity, smoking and alcohol problems, we can develop this as the surest foundation for higher performance, discretionary effort and increased productivity, as well as build a more capable and enabled workforce for Scotland.

None of this will happen without leaders who support, challenge, engage and inspire. Leaders need to demonstrate trust and integrity and be focused on helping people to be their best.

Our recommendations

- Make well-being a key element of your people policy based on enhancing productivity. Develop small and focused interventions.
- Start with mental health using Healthy Working Lives cases and run your own programme with managers. Don't forget the other issues we can make some difference on, such as healthy eating and smoking cessation.
- Make it fun. Offer people fun interventions which help them to be fit and well, and use your organisation's purchasing power to procure access to activities and facilities.
- Start a conversation in your workplace about technology and how it will impact future skills; start building in the learning now.
- Get smart about how people think and how they make decisions, sharing some key research, such as that of the CIPD and others.
- Challenge your organisation on its level of curiosity and why it's important. Develop learning approaches to help uncover curiosity and creativity. Use some of the great free tools such as the Merck survey and the CIPD Profession Map.
- Audit your leaders for leading well factors, such as:
  • supportive challenge
  • engaging and connecting
  • leading human.

'The challenges and opportunities we face as a nation – such as Brexit and developing global uncertainty – demand a response that both reassures and inspires. Work is changing, but it's not going away.'

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