

The Impact of Investor in People Quality Standards on Organization Development

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Abstract

Most organizations are always concerned with developing their staff's skill in a way that suits in their professional. Development strategies and improving training always suite for staff motivation since employer's decision towards the gaining of the investors in people standard. Subject to regular basis research found that if organizations adopting and maintaining with some strategies that able to hold the successful record as discuss in this paper. Investors in people quality standards on organization development and performance flow with the inspire of employee workforce, skill training and overall operation process. Basically, this research focused on an extensive study into the impact of the investors in people standard on organization development. Survey, case studies and financial analysis create a body of knowledge which improves the understanding that how investors in people quality standards influence the organization development. As this research conducted on people standard that improve on organization based and survey result defined that how benefits could be achieved as individual of each sector where employees are engaged.

Keywords: Quality Standards, Organization Development, Investor.

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I. Introduction

It's widely acknowledged that for a business to maintain its competitiveness in the world economy as its employee must possess world class skill. Most business depends on these skills to bring about the levels of productivity, creativity, and quality which their customer demand. Indeed, people standard is a business improvement tool designed to advance an organisation's performance through its employees. It also helps organisations to improve performance and realise objectives through the management and development of their people. Most principles and indicators are used as external assessor that look for evidence which going to implemented throughout the organisation. The concept of investors in people are the national standard that set the level of good practice for improving an organization performance through its people. Based on common sense the investor in people as result may not procedures [1]. In where standard provides the basis for continuous improvement of both the organization and its people to make the organization more successful [2]. The investor in people standard provides a framework for improving business performance and competitiveness by strengthen the culture of learning organization and continuous improvement in organization. This framework for improving business work through a planned approach to setting and communicating business objectives and developing people to meet these objectives. The main goal for that approach is to link between what people can do and are motivated to do with what the organization needs them to do. In some case, it's responsibility of managers and top management to direct and match people's goals with the goals of the company. IIP major impact on the role of the line managers because it demands from them to understand the needs of their employees related to business targets. It demands to implement actions to satisfy people's needs and one of their organization.

II. Literature Review

Investor in people campaign started in 1990. That's when the standard that sets a level of good practice for improving an organization performance and secure competitive advantage through the people was developed. Since 1991 the IIP has been widely used by organization to set goals for training and development their employees. More than 4000 organizations have been recognized as an IIP, and about 20.600 are committed to gaining the award. The figure represents overall more than 25% of the workforce in UK [4]. It was clear to the organization the IIP standard provides focus and direction to them in developing their people. It was also clear that the standard provides common sense approach in helping them to control and use both the potential of their employee and their commitment to work [3]. The research show that the standard and its principles need to be more clarify to the employees. This had led to the introduction of revisions to the supporting indication and their wording with greater clarity and consistency of interoperation which introduce in 1997 [3]. The new IIP

standard provides a framework for integrating human resources strategy with business strategy. This allows effective action to maximize the return on the investment made in people. It also ties training needs directly to the long-term goals of the organization and give the investor in peoples a greater focus. From the other hand the standard does not expect employee to approach training and development in the same way, but by its framework the standard allows for individual approaches and method [3]. The revisions came into effect since 31 January 1997 and thus organizations are assessed against them from that date as index IIP80A, 1996.

The Investors in People UK manage this standard. The IIP is responsible for managing and protecting the intellectual property and copyright both within the United Kingdom and overseas, but the standard is only recognizing in UK, where in 1997 over 26,000 organizations work on its standard [4]. From the other hand Investors in People UK has introduced a strategic and ambition goal that aims to achieve international recognition for the standard. In order to achieve this goal, they are in the process of establishing a number of pilots in overseas countries under investors in People UK license. At present they are targeting Western Europe and USA and have already set up Investors in People Australia [3].

A. The Investors in People concept

The Investors in people approach treats the process of people development in the same way as any other major business investment. It focuses people's activities and their training and development on the achievement of business goals and targets. It ensures that the investment in training and development provides value for money [6].

B. Applicable strategies

The IIP strategy is designed to strengthen the culture of learning organization culture and continuous improvement in organization (IIP63, 1996). So that it help the organizations to carry out a learning system to reach a higher level of performance and to manage competitively in the face of changes. It supports the improvement of the individual, the department and the organization as a whole in line with business needs and perspectives. (IIP111, 1997). IIP required to think in a more integrated way about the relationship between the business strategy and the learning and training strategy (Anat Arkin, 1997).

The IIP standard is obviously based on good practice. In such case organization can use this means to develop their own best practice. Although its principles and indicators are based on such good practice, it does not demand how principles and indicators have to be implemented. It only emphasis's what is needed to reach a certain degree of excellence in the scope of people and company development (IIP111,1997). In such way it appears as a flexible framework that can be adapted to any organization.

III. Research Methodology

The standard can and must be considered as a milestone to improve the business, but in no way as a unique means to deal with business issues but it enables companies to be evaluated and benchmarked. The framework also offers to organization the opportunity to review current training and development strategy to improve its activities and framework for planning future strategy and action. In 1995 after conducting a major research project involving 500 organization the standard and its associated guidelines has been review and ensure its continued relevance [3]. Using a process and methodology known as Investors In People (IIP), which is passed on widely accepted principles of best training and development practice organizations are able to improve their training and enhance their performance data from IIP63A, 1996. UK is one of the countries, which suffers from changes and skills deficit compared to international competitors. That cues a national movement toured the development of an industrial, commercial and service culture with the ability to compete with world class competitions. In such case, effective communication methods that could be clear to everyone why the organization want to meet the standard, and which procedures will be used. The standard now consists of 23 quality criteria, divided on four major area of activity in which the organization measure its performance as effective training and developers of their employees [3]. Before conducting the measurement of performance there is some step had to be taken by the organization, these steps are (IIP80A, 1996) as given below.

- 1: Identify any gap that may exist between the present and the future (when it met the requirements of the standard.
- 2: The evolvment of everyone in the organization in the process (supervisors, team leaders, and employee).
- 3: Effective communication methods and its should be clear to everyone why the organization want to meet the standard, and which procedures will be used.
- 4: discussing of the goals and the target to clear the required contributions from employee (individual and group) to goals.
- 5: Examination of the existing evaluation system [3].
 - Does it really work?
 - Does it apply to everyone in the organization?
 - Is there a recording for each employee planed?

- Is the plan followed through?

IV. Analytical: Achieving the Investor in People Standard

The most important requirement toward achieving the Investor in People standard is the top management commitment, employee's involvement and very good communication throughout the organization identifying what is proposed, its importance and how each employee will be effected (IIP88, 98). Also, to achieve the Investor in People standard it requires a realistic timetable to achieve it. The organization and their employee also need to be familiar with the requirements of the Investor in People and its procedures before they embark on the project, without this background knowledge, they will be confused [5]. Once these requirements of the standard have been understood, and it had been linked with the organization goals, then the organization should move from its existing position to achieve the standard by implementing the five key steps as also seen on figure 2.

A: Review: There must be corporation as the requirement of IIP standard with the current practices to identify any gaps between them, then there must be planning to fill it up to achieve the standard (IIP82B, 1997). The review involves in gathering information about training for the development and communication. This exercise can carry out either by teamwork or involving all employees and take their opinions on current practices (IIP80A, 1996).

B: Action: Putting the plan that could fill the gaps into action throughout the organization. This plane should be very clear and including the details, responsibility, and time scale for filling the gaps.

C: Assessment: Checking the evidence that the organization had met the standard requirement. That step had to be taken by independent and external assessor who will examine the evidence provided to him by the organization and (documentary- interviews) then he will make his judgment (IIP, 82B, 1997).

D: Achievement: when the organization cover the standard requirement it will be recommended to the panel of business people, and after being satisfied with the recommendation the organization will be recognized as an investment in people (IIP80A1996).

E: Continuous improvement: the organization should continue the work to develop the business and its people needs (IIP, 82B, 1997).

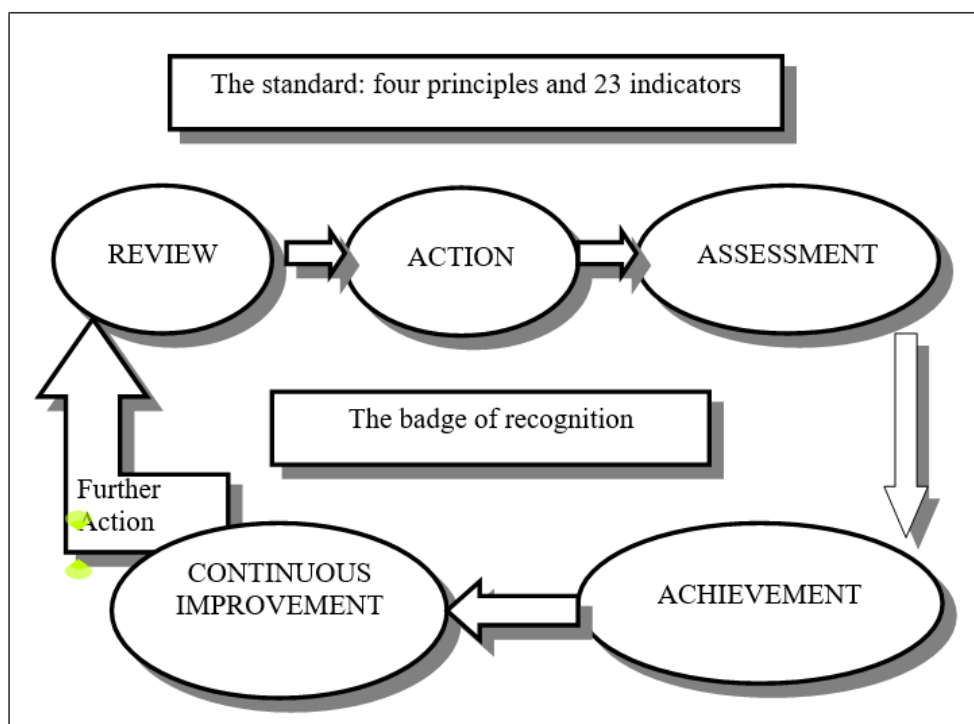


Figure 2 : The five step to achieving the IIP standard

In the UK 3.5 million small firms working and asses the kingdom economy. These firms are important and need to be developed, especially with their large number of employees working in these firms, and also it depends on the large organizations for their business. If the small firms did not develop that will affect the economy and make it move with one leg, and that will cause a lot of problem in the future as seen on the above figure 3.

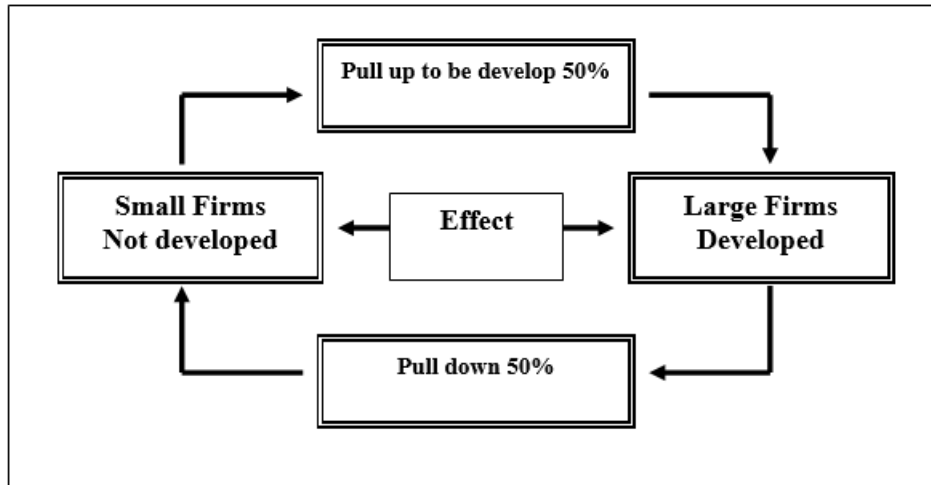


Figure 3 : The effect of small firms on large firms

This problem will be caused by the effect of the small firms on the large ones, as it shown in figure-3, the small firms will pull the large firms down or it will stop it development. In some case, most of the large firms depend on the small firms to market its product or service, or to supply it with the row material. And if these firms are not developed they will have negative effect on large firms. The negative effect will come from lose of the ability to cope with continuous development in the market (marketing, dealing, and storing). That will cause a big loss to the large firms which depend on the small firms as a marketing port. The small firms cannot market or deal with other in the same efficiency of the large firms. From the other hand if the large firms depend on the small firms as a supplier for the row or intermediate material it also will suffer because either the material will be delayed or in bad quality.

Here the large firms have three options to deal with this situation the first one is to find another port or supplier. The second option is to stop its development and hope that the small firm will be developed soon. The third one is to contribute to developing the small firms and deal with it as an agent and try to develop that agent continually while its continuo developing itself. The last option will affect the large firms financially and administration sides. Also if the large firms have sophisticated management and marketing system, the small firms cannot deal with these kinds of systems because it did not reach the same step in development. The IIP limited itself into large employee sector [6]. The IIP figures shows that only 0.3% of the UK 3.5 million small firms had recognized as an IIP, with 1% committing themselves to achieve the standard, and only 4% of medium sized companies (50-200 employee) either recognized or committed. This compares with 30% of the large companies [7]. These steps consume a lot of time and effort, especially for the company that commit their self for the first time. Even for the companies that already recognize as IIP they found it hard to continuo working by the standard (210 out of 260 companies re-recognized as an IIP in the second evaluations) [4]. In addition to that there is the IIP people attitude toward the small firms. They have never gone looking for small firms before because the small firms from IIP people point view find it hard to cope with the work involved with IIP standard, at the same time as the day to day running of business [7]. They think that the small firms are struggling for survival and IIP is not the first thing they would think of that [8].

It's clear now why only 0.3% of the small firms is recognized as IIP that is because of the difficulties of the standard and the IIP people point view toward small firms. That situation had to be change. Their must be a special standard for the small and medium firms, and if the small firms are really struggling for survival they had to be most important firms to help and developed. Also the IIP point view toward small firms had to be changed, and look to them as an important asset to UK economy and to the working force.

V. The general benefits from achieving the standard.

Case studies were conduct by the investor in people by the help of the Training and Enterprise Councils and the Employment Department in UK. The case studies covered 59 organizations from different sectors in UK, which formally recognized as investor in people. The sample were selected as being representative by size, sector, geographical location, and employees (from 7 to 5400 employees) (IIP the case studies IIP65/1995).

These case studies showed that the IIP standard brought allot of benefits to these organizations. A great number of the organizations found that IIP standard had help them to identify the area of potential improvement and potential investment area, that is reflected on the continuous growing of business and large market to share. They also found that IIP improve communications in there organizations between managers them self's and between managers and employee. Other benefits was the improving the training and development by targeting

the practical competence and enhanced evaluation of training and development which impact on business performance, that's help them to build a continuous improvement culture through there organization. The case studies also show too many benefits such as:

- It provides benchmark against good business practice.
- Increased staff morale and motivation.
- The public recognition of employee success.
- Achieving the award has generated a sense of pride among employees.
- Improve public image and improved quality.
- It creates teamwork.
- It makes what the organization is about and where it is going clear to all employees.

a) Organizational Benefits:

From figure 4, as stated below represented that the organizational benefits from achieving the standard are improving productivity and quality (78%), profit contribution (60%), customers satisfaction (60%), reduce cost (60%), sales increasing (55%) and business grew (49%). There are some additional benefits as found from study.

- Improving operation margin
- Reduce labor turnover.
- Annual spending on training is highly cost effective because it focuses on business performance.
- Communication is planned and thus can have a common support throughout the organization.
- It strengthens the policy of learning organization.

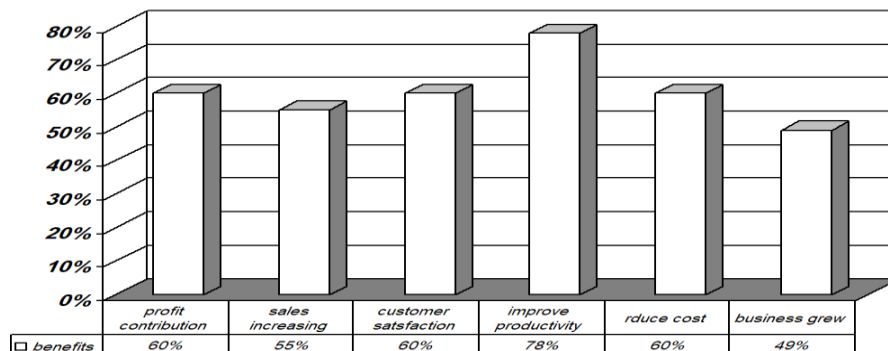


Figure (4) organizational benefits

b) Individual Benefits:

From figure (9) it shows that the employee benefits from achieving the standard are improving employee skills (70%), job satisfaction (67%), motivation (60%), increase employee competence (60%), improve communication through the organization and provide safety (56%). In addition to these benefits, there are other benefits that the study shows such as:

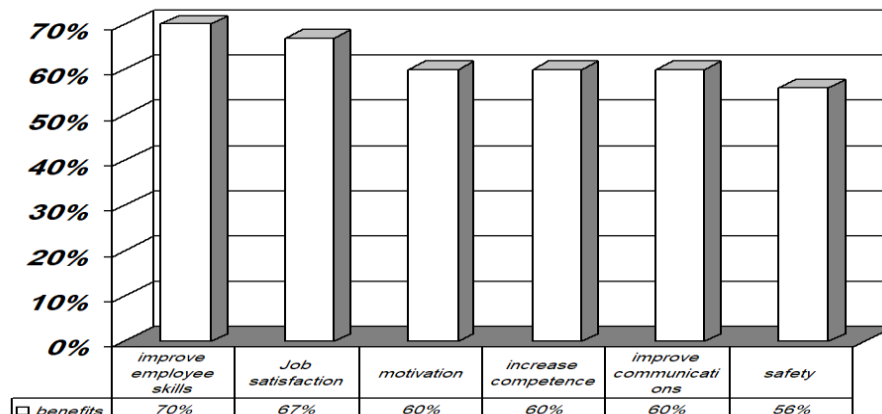


Figure 5: Individual benefits

- Increasing the salary.
- The training match employee needs.
- The employee had greater involvement in the business.
- Increase employee commitment to learn.
- Information throughout the organization is clearer; this brings about a better understanding of companies' goals and objectives for all employees.
- Management is committed to the Employees in their Career development, and this creates a better collaboration at all levels in the organization.

VIII. Conclusion

IIP commitment usually coming from the most organizations. Managers in organizations did not regard IIP as being for instant solution of immediate problem. Common focus as being found from the assist of IIP in securing contracts through public procurement, gaining reputation as an expert employer as well as supporting improvement. From the above discussion, IIP has most direct relevance for organizations in which starting to develop people for business strategies and people management. Training and people management activities could be business goals and performance development that usually help to gain standard and major attractions. Indeed, IIP specialists believed that the parts of the framework in organisations find the hardest as achieve for measurement of the impact on the organisation through development an evaluation strategy, management as well as capability of leadership.

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