



**Head
Light**

Fair Talent Management

part of our We think... series

Talent Cloud®. Breakthrough software. Raise expectations.



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The need for fairness

Periods of slow and possibly negative economic growth are often accompanied by the necessity to make tough decisions affecting your staff.

Research shows that employees' perceptions of fairness in the way decisions are made and how they are treated has significant impact on the consequences of these decisions, affecting levels of motivation and engagement. In this article we reflect on the concept of 'fairness', the impact it has on motivation, engagement and performance and what practical steps can be taken to influence these outcomes.

Research conducted in the 1990s into the perceived fairness of selection systems identified three elements of 'fairness' which provide a useful framework:

- **Procedural** fairness - which relates to the policies and processes used to make tough decisions.
- **Distributive** fairness - which relates to the fairness of the outcomes and whether they appear to be biased or prejudicial towards a particular individual or group.
- **Interactional** fairness - which relates to the way the process and outcomes are communicated and the degree of respect shown to those affected by the process.

It drew a number of useful conclusions, including:

- Policies and processes that are **perceived as 'fair', help build commitment and engagement amongst staff**, increasing their willingness to give discretionary effort, leading to reduced absenteeism and lower staff turn-over. Conversely, individuals who feel they have been treated 'unfairly' often feel motivated to take retaliatory action such as withdrawal of effort, criticising the organisation to customers, acts of sabotage and possibly legal action. Rather worryingly, those who have the most adverse reactions to perceived unfairness are those who demonstrate the highest level of commitment to the organisation. A lack of perceived fairness can turn your most committed supporters into the most energetic saboteurs!
- Individuals are far **more likely to accept decisions that have adverse personal consequences if they feel the process used to reach the decision was fair**, particularly in the context of selection and progression decisions. Have you checked how unbiased, objective and evidence-based your decisions are in this area? Could you withstand an audit? Interestingly, staff are more willingly to accept what might be considered poor treatment of an individual (for whatever subjective reason) providing the process was considered fair.

What we see from this is that the processes used to reach difficult decisions, and the way people are treated are at least as important as the outcome of the decisions. Paying attention to establishing and using processes that are seen as 'fair' and treating people with respect and dignity not only means the people adversely affected are more likely to accept the outcome without resorting to retaliatory behaviours, but also reinforces the values of the organisation and increases the level of commitment others are likely to demonstrate.

So what specifically can we do to implement 'fair' processes? The research shows that what people judge to be fair is largely influenced by cultural values; however there are a number of important factors that are common.

These include:

Choice - People who feel they have alternatives to their current role are less likely to feel a decision about redundancy, pay or promotion is unfair than those who feel they have no choice.

Voice – People who feel they have the opportunity to voice their concerns and to be listened to are more likely to regard the process as fair.



Respect – People who feel they have been treated with respect and dignity are more likely to feel the process was fair. This includes being given an explanation of the reasons behind the decision.

These concepts of fairness influence our thinking when we are helping our customers to:

- select and implement fair assessment processes for use in performance management, development, selection and recruitment;
- position programmes and manage communications throughout the process;
- raise awareness of career development and progression options;
- develop the capability of line managers to give developmental feedback;

and ensure our software products include audit trails and records as evidence to back up decisions and introduce workflow that reduces the risks and impact of bias and subjectivity.

Developing fair assessments

Assessments form the basis of decision-making in the key talent management processes, including performance management, development, selection and recruitment, whether they are of existing competence and ability or of potential, and in most of these processes the personal stakes are high. Factors we consider important in influencing perceptions of fairness in assessments include relevance, consistency and comparison groups.

Relevance

The person being assessed is more likely to believe the assessment process is fair if they can see a clear relationship between the assessment and the work. This is one of the reasons we favour the use of assessment methods that are modelled on performance in the role, such as situational judgement tests (SJTs) in recruitment and selection and observation against observable indicators in 360° or 180° review. Many generic psychometric tests suffer from a lack of 'face validity' causing suspicion amongst staff.

Consistency

The assessment has to be conducted in a way that is consistent for everyone. We help our customers to document the process and workflow, and review and challenge it with key stakeholders to identify, in advance any ways it may be seen as unfair. Consistency can be improved by using on-line tools to create the same conditions for everyone taking the assessment, and for scoring and report generation. Many assessment methods rely on complex scoring algorithms which would be vulnerable to human error, resulting in misleading interpretation and feedback. Techniques such as 360° review generate very large amounts of rating data which, using electronic means can be consolidated and averaged accurately.

Comparison

People often judge fairness by comparing their outcome with some other benchmark. Providing a clear frame of reference helps build confidence in the fairness of the assessment. To enable this our tools automatically calculate averages for the current cohort and enable personal reports to include comparisons against these or other pre-defined reference group data or benchmarks.

Clear positioning and communications

The way a programme is positioned and communicated is a key factor influencing people's perception of fairness. For this reason we help our customers prepare and execute differentiated communications plans for each stakeholder group and throughout the lifecycle of the programme. Consistency in the way the programme is positioned, including being open and upfront about the purpose and how the results will be used are important factors in building trust.

Setting clear expectations with people about their role in the process and what is expected of them is another important element of implementing a fair process. We have found using a specific form of psychological contract to get people to 'sign-up' to their role in a process (such as appraisal) and to uphold the values of the programme helps establish a higher level of integrity within a process.

Provide a career development context

The research, summarised earlier, indicated that people who feel they have choice and alternatives are less likely to feel that negative outcomes of decisions about redundancy, pay or promotion are unfair than those who feel they have no choice. This is one of the key drivers behind our Talent Navigator product, which enables employees to explore progression and career development options available to them and in doing to create those options and alternatives. This is not just about minimising the negative consequences of a redundancy programme, it is also about attracting and retaining talented people by enabling them to develop themselves and their careers within the organisation.

Develop internal capability by coaching line managers

The research indicated that a major factor influencing people's perception of fairness is the way they are treated throughout the process. Line managers are key players in this and yet few receive adequate training or support in how to interpret assessment information, how to give motivational and constructive developmental feedback, and how to help individuals prepare effective personal development plans, which is why we include coaching sessions with line managers as one of our supporting services.

Next steps

If you would like to take a closer look at how to deploy Talent Management, please get in touch.

About Head Light

Head Light is an award-winning talent management software and consulting firm that works with clients to define and implement impactful talent management strategies.

Talent Cloud® is our cloud-based portfolio of integrated talent management software tools designed for those who expect the maximum return from talent management processes. Our training and consulting services uniquely complement our breakthrough software that engages employees, managers and senior leaders in the selection, development and progression of people in their businesses.

Companies in the FTSE 350, public sector, large and small, from retailers to high tech innovators have all benefitted from our tools, techniques and expertise. Founded in 2004, we are headquartered in the UK.

Head Light has attained the ISO27001 standard for Information Security.
Certificate No 217613.





How do I...

transition to Continuous Performance Management

How do I...

introduce robust Succession Planning

How do I...

spot High Potentials and Future Leaders

How do I...

drive Engagement through Career Conversations and Development

How do I...

embed new values and improve culture

How do I...

conduct Skills Assessments and a Gap Analysis

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