

*Committee for Public Management Research*  
*Discussion Paper 10*

**Key Human Resource Management Issues in the  
Irish Public Service**

**Peter Humphreys**  
**Michelle Worth-Butler**

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57-61 Lansdowne Road  
Dublin 4  
Ireland

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## FOREWORD

This paper is the tenth in a series commissioned by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future development of the Irish public service. Committee members come from the Departments of Finance, Environment and Local Government, Health and Children, Taoiseach, and Public Enterprise, and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration. The research is undertaken for the Committee by the research department at the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. Papers may outline experience, both national and international, in dealing with a particular issue. Or they may be more conceptual in nature, prompting the development of new ideas on public management issues. The papers are not intended to set out any official position on the topic under scrutiny. Rather, the intention is to identify current thinking and best practice.

We would very much welcome comments on this paper and on public management research more generally. To ensure the discussion papers and wider research programme of the Committee for Public Management Research are relevant to managers and staff, we need to hear from you. What do you think of the issues being raised? Are there other topics you would like to see researched?

Research into the problems, solutions and successes of public management processes, and the way organisations can best adapt in a changing environment, has much to contribute to good management, and is a vital element in the public service renewal process. The Committee for Public Management Research intends to provide a service to people working in public organisations by enhancing the knowledge base on public management issues.

*Eric Embleton*  
Chair  
Committee for Public Management Research  
Department of Finance

*For further information or to pass on any comments please contact:*

*Pat Hickson*  
Secretary  
Committee for Public Management Research  
Department of Finance  
Lansdowne House, Lansdowne Road  
Dublin 4

Phone: (+353) 1 676 7571; Fax: (+353) 1 668 2182  
E-mail: [pat\\_hickson@cmod.finance.irlgov.ie](mailto:pat_hickson@cmod.finance.irlgov.ie)

*or*

*Peter Humphreys*  
Institute of Public Administration  
Vergemount Hall  
Clonskeagh  
Dublin 6

Phone: (+353) 1 269 7011; Fax: (+353) 1 269 8644  
E-mail: [phumphreys@ipa.ie](mailto:phumphreys@ipa.ie)

General information on the activities of the Committee for Public Management Research, including this paper and others in the series, can be found on its world wide web site: [www.irlgov.ie/cpmr](http://www.irlgov.ie/cpmr); information on Institute of Public Administration research in progress can be found at [www.ipa.ie](http://www.ipa.ie).

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Responsibility for the content of the paper, however, rests with the authors.

Peter Humphreys and Michelle Worth-Butler  
June 1999

## **EXECUTIVE SUMMARY**

**(To be added at a later date)**

## INTRODUCTION AND BACKGROUND

### 1.1 Study purpose

In a dynamic, rapidly changing and uncertain environment, the government's Strategic Management Initiative (SMI) seeks to address the significant internal and external demands for improved management of the civil and wider public service in Ireland. The SMI aims to achieve better quality services that are not only results-oriented and clearly aligned with government priorities, but that also provide good value for money and optimise fully the use of available resources. As a result of the SMI, it is expected that there will be long-term benefits for the civil service and the wider public service throughout Ireland, as well as for individual citizens and the long-term performance of the national economy.

*Delivering Better Government* (1996) (DBG) states clearly that achievement of SMI objectives will require major reform of current human resource management (HRM) structures in the civil service. *Better Local Government* (1996) (BLG) makes very similar points for the local government sector. Both documents propose far-reaching reforms of existing HRM structures with the aim of achieving a more pro-active approach to effective human resource management. Although there are differences in HRM practices within the public service, a broad managerial consensus has developed on the critical importance of ensuring that the right people must be in place and properly equipped to meet the challenges involved, if the ambitious objectives of the SMI are to be achieved.

There is no doubt that its people are the public service's most valuable resource. Across the public service, there are nearly 31,000 civil servants, over 24,000 in the Defence Forces and an Garda Síochána, nearly 63,000 in education, over 67,000 in the health services, nearly 27,000 in the local authorities and a further 9,000 in the non-commercial semi-state sector. In total, nearly 221,000 staff are employed in the public service. Human resources alone account for between 65 and 70 per cent of the annual running costs of government departments and agencies (see McNamara 1995). It is therefore vital that the fundamental changes proposed in the HRM of the public service are underpinned by sound analysis and informed debate. This discussion paper seeks to contribute to that debate by identifying and discussing some of the key HRM issues facing the Irish public service, in order to encourage informed discussion amongst those directly engaged with the process of change.

### 1.2 Scope of study

In the current national labour market, public service bodies are competing with the commercial, private and semi-state sectors to recruit and retain high calibre staff. Therefore, a positive image of civil and public service employers providing challenging, rewarding and flexible jobs, with real career development potential, as well as equality of opportunity, is crucial. For sustained success, it is also vital that such an image truly reflects reality.

Within the civil service, progress has already been made to develop and extend competency-based recruitment procedures. With regard to promotion, movement away from seniority-based systems is being made with an increasing proportion of internal promotions now being opened up to competition. Fundamental changes to HRM across the

service are being introduced through the development and implementation of performance assessment systems, as well as the proposed decentralisation of responsibility for human resource issues from the centre to individual departments. In addition, legislative changes are likely to require further review of human resource policies to ensure that they conform to new equality of opportunity provisions. Such changes are being replicated in the wider public service.

Given the breadth of the public service in both functional and human resource terms, including the wide variety of grades therein, this initial study focuses primarily on staff in non-industrial general service or equivalent grades, in the civil and wider public service. By focusing the study in this way, results are obtained which have wider applicability.

### **1.3 Research objectives**

At the outset, given the breadth and complexity of the HRM issues facing the public service, the Committee for Public Management Research proposed a multi-phase approach to this research programme. This initial study (Phase One) concentrates on providing a strategic overview of some of the key HR issues facing public service managers to deliver on *Delivering Better Government* (1996) and *Better Local Government* (1996). In conclusion, it identifies areas requiring further action. Subsequent discussion papers will focus in depth on specific issues identified by this strategic overview. Such issues could include flexible and innovative working arrangements; recruitment and selection; placement; personal development and training; and promotion and mobility.

The terms of reference for Phase One are therefore to provide:

- a) a review of relevant national and international research evidence which would help to identify key strategic HR issues facing the Irish public service;
- b) an informed evaluation of some current management strategies adopted to date in Ireland and other countries to address these issues; and
- c) the identification of potential ways forward to help the public service respond to its HR needs in a rapidly changing external environment.

### **1.4 Structure of the paper**

Following this introductory section:

- Part Two discusses some of the key external and internal challenges facing Irish public service managers.
- Part Three identifies the HRM change agenda necessary to respond to these challenges and outlines a research framework for use in subsequent analysis.
- Using this framework, Part Four places the Irish approach to HRM reform within a wider international context and reviews some of the main experiences to date in other countries. Details of individual countries are provided in the annex.
- Part Five details current HR arrangements and practices in a number of organisations in the Irish civil service and wider public service.
- Part Six draws upon international, national and survey evidence to propose an agenda for future action in the reform of HRM in the Irish public service.

A full bibliography is also provided for further reference.

## CHALLENGES FACING PUBLIC SERVICE MANAGERS

### 2.1 Challenges in the labour market

For many decades, employment generation in the Irish labour market failed to keep pace with supply. The national labour market was characterised by high levels of net out-migration by the economically active in search of work. In this setting, a career was sought in the Irish public service by many people not only because of the job security it provided but also the status it afforded in an uncertain world. Public service employers likewise could anticipate that there would be no shortage of potential recruits and little competition from other sectors for the highest qualified and skilled staff or with regard to terms and conditions of employment. The contemporary human resource situation for public service managers is very different. During the 1990s, Ireland has experienced a sustained and unprecedented economic boom which should last into the next century (see Sweeney 1998). This economic growth, combined with fundamental social, demographic and cultural change, has serious implications for how public services are organised and the demands placed upon them.

Over the last decade, economic growth of up to 10 per cent of gross domestic product (GDP) and averaging 5 per cent a year of gross national product (GNP) has been the highest among European Union (EU) countries and member states of the Organisation for Economic Co-operation and Development (OECD). Interest rates have fallen to record low levels. Exports have increased dramatically and long-existing imbalances in public finances have been corrected (see Gray 1997). A new wave of consumer confidence in the economy has shown itself in rising economic indicators such as new car sales and the private sector housing boom. Such changes have been both reflected in, and encouraged by, fundamental changes in the composition of the labour market, in particular the growth in female participation (see Central Statistic Office 1997). As a major employer, the public service needs to be able to respond positively to such challenges.

Sutherland (1997) states that the success of the Irish economy is the result of sound fiscal policy since the 1980s. He suggests that the ability to attract significant inward investment in fast-growing, high-technology industries will be vital to continued national economic growth. That ability will require a sustained commitment to improving Irish competitiveness. Such success would also require the support of a responsive, flexible and efficient public service. In order to remain competitive internationally, Sutherland argues, Ireland must reduce the burden of taxation on industry. Such a discipline would have a number of important implications for public service employment.

In real terms, taxation and public expenditure remain very high and the GNP per head is still below the EU average. While public sector borrowing fell from 20 per cent of GNP in 1981 to the current level of two to three per cent, public spending only adds to living standards if the money is well spent (see Sweeney 1998). Gray (1997) urges 'prudent' control of public spending to ensure that any downturn in the economy can be accommodated. To add to the overall constraints within which public service HRM will need to operate effectively, Gray (1997) cites 'potential skills shortages and infrastructural gaps', as two of three 'potential bottlenecks' to continued economic prosperity (p.49). Technological advances and the influx of new industries have increased competition for

skills in the national workforce and contributed to a growing skills shortage. As never before, the public service is now facing serious difficulties recruiting and retaining top quality staff in a variety of areas 1.

## **2.2 Rising demand for public services**

Despite calls for restraint in public spending, the demand for public services also faces significant increases in terms of both quantity and quality. For example, net population growth in recent years has resulted in significantly increased demands for housing and other forms of infrastructural provision. Between 1991 and 1996, the national population increased by 93,000 (or 2.7 per cent) (see CSO, *Census of Population 1996*). In relation to housing alone, the Economic and Social Research Institute (1997) estimates that, in order to accommodate the current rate of population growth, a further 16,000 new homes will need to be built per year for the foreseeable future.

Rising demands for public services do not just express themselves in volume terms. In recent years, Ireland has also experienced a rise in consumerism. Increases in revenue available to fund public service provision have gone hand in hand with rising public expectations of standards of service. Increasing demand for value for money from publicly funded services and scrutiny of the burden of taxation on employees have also arisen in recent years. According to Powell (1997), such 'empowerment' of citizens represents a 'new public service ethos, characterised by democratic and inclusive values and devolution of power to service providers and users'. In his view, such developments have important implications for public service managers; he notes the following issues

- the emergence of the notion of consumer rights;
- empowerment is about citizens' rights and public service accountability;
- empowerment 'puts the limelight on front-line producers' and professionals are recognised as the 'embodiment of the official contract between the state and the consumer';
- empowerment demands decentralisation of decision-making and open networks of communication which are new approaches to public service delivery;
- empowerment calls for more 'democratic forms of organisation requiring the direct input of users into policy formulation'.

Assuming that such developments follow European-wide trends, they will certainly place considerable additional demands upon the character of public service provision and accordingly the service will need an appropriate HR strategy to respond. In any event, significant improvements in public service delivery whether internally or externally driven will demand fundamental changes to the way many Irish public services are currently run (see Humphreys 1998). This, in turn, will require new skills and competencies on behalf of public servants.

## **2.3 New ways of working**

Some commentators have noted that the approaching millennium has fostered a sense of starting afresh and a momentum for reform within Ireland. At the same time, sustained economic success has brushed away many of the insecurities previously associated with being a small island nation in the shadow of more powerful neighbours. Sweeney (1998) talks about 'a new confidence' and a 'willingness to get things done' which is not just affecting individuals but which is becoming 'ingrained in organisational culture'. He suggests that the 'clever obstructionism', which was prevalent in the Irish public service, is in decline and individuals are

becoming more forward-thinking and questioning. He outlines a move towards an 'emphasis on quality and performance' and a 'can do philosophy'.

The private sector is also experiencing a remarkable transformation of the organisation of work in the light of the 'revolution' in information and communication technologies (see Bacon 1997). This is paralleled by a shift away from traditional hierarchical structures to more flexible arrangements and atypical working patterns, decentralisation, group-working, multi-skilling and devolution of responsibility. Bacon outlines a growing focus on meeting the needs of customers, evidenced by the fact that the survival and success of companies is based on their ability to produce high-value over high-volume and to provide tailored products and services.

## **2.4 The need for reform**

Faced by such fundamental external imperatives for change, in its *Action Programme for the Millennium* (June 1997), the government outlined its aim to 'make public administration more relevant to the citizen, for whom the service exists'. The priorities identified for the programme include focusing on the needs of customers, removing barriers which have restricted the performance and job satisfaction of public servants and giving a new impetus to the *Strategic Management Initiative* (SMI) (see Boyle *et al* 1998). However, this represented just the latest stage in the SMI reform process, within the wider public service.

### *2.4.1 Civil service reform*

The launch of the SMI in 1994 set the scene for reform in the civil service with a significant emphasis on developing greater strategic capacity in departments to help the government facilitate economic and social development. Proposals are aimed at reducing bureaucracy in the civil service and towards the provision of excellent service to the public through a customer-focused culture, the effective and efficient use of resources and better policy co-ordination between departments. There are considerable challenges facing the civil service in moving from the traditional model of tight central control, separation of functions and diffusion of responsibility towards a model based around strategic goal setting, effective management systems, greater development of responsibility and accountability, ensuring value for money and decentralisation. To give a new impetus to the SMI, several implementation initiatives were announced by the Taoiseach in 1997. These included: the development of a performance management system, development of customer service *Action Plans* for each department and the development of partnership initiatives to encourage shared ownership in reforms.

The vision for the civil service in *Delivering Better Government* (1996) (*DBG*) is a service of high performance with a quality culture, of maximum contribution and competitiveness, of value for expenditure, as well as efficiency and fairness. *DBG* has been received positively as an ambitious and imaginative programme (see Boyle *et al* 1997) and outlines the way forward to achieve such a service through the effective use of human resource management, developing potential, contribution to stated goals and through partnership, equality of opportunity, training and development.

Legislation is seen as the way forward by providing a new framework for new accountabilities and working relationships. The *Public Service Management Act* (1997) is a key piece of the wider process of civil service reform being driven by SMI and *DBG*. The Act aims to 'provide for a new management structure to enhance the management,

effectiveness and transparency of operations of departments of state ... and increase the accountability of civil servants while preserving the discretion of the government in relation to responsibility to Dáil Eireann’.

#### 2.4.2 Local government reform

Reforms in central government have been paralleled by demands for change in local government. As long ago as 1971, a White Paper on *The Reorganisation of Local Government* set the scene for reform in the local authorities. It identified the need for a move from a situation where local authorities were not responsible for many public services, to effective local government which would enable local affairs to be settled through citizen participation and local control of local services. Its vision for bringing together as many agencies of government as practicable to focal points within reach of the people have developed into proposals for ‘one stop shops’ outlined in recent proposals for reform (see Humphreys 1998). The *Devolution Commission* Interim Report (1996) specifically recommends a three-tier structure for local government which would separate strategic planning from day-to-day management. Such a three-tier structure would aim at a flexible and comprehensive service, focusing on the needs, wishes, aspirations and attitudes of the people. It would also be flexible enough to adapt itself without major change to different conditions and environments and to new and altered needs.

While several significant reforms have occurred in recent years, *Better Local Government (1996) (BLG)* sets out proposals for a strategic approach to the reform of local government. These proposals are aimed at ‘real and lasting’ public service renewal, providing service, accountability, transparency and freedom of information at national and local levels. Public service reforms would build on government plans outlined in *A Government of Renewal* (1994) and the SMI. The Department of the Environment’s *Operational Strategy* (1996) aims to develop working arrangements in local government. BLG sets out a way forward for the review of long-established approaches and practices and promotes the need to develop a culture of quality service improving performance, efficiency and value for money. The four core principles underpinning BLG are: enhancing local democracy, serving the customer better, developing efficiency and providing proper resources to allow local government to fulfil the role assigned to it.

Currently, local government faces a number of challenges which include:

- expanding the range of functions of local authorities towards international standards where policing, public transport and personal social services are included and where there is more involvement in health and education;
- shortage of resources and an over-dependence on government decisions on budgeting;
- competition with state and EU-funded community development organisations;
- day-to-day management issues competing with long-term strategic issues;
- excessive central control of many activities including staffing;
- difficulty employing expertise to deal with increasingly complex environmental issues;
- realising the policy role of part-time councillors.

Bringing such a comprehensive range of public services into the community has considerable implications for the organisation of work in local government.

#### 2.4.3 Wider public service reform

The types of changes proposed and being implemented in central and local government are reflected in developments in the wider public service. For example, structural changes proposed for the Eastern Region in *Shaping a Healthier Future*, (Department of Health 1994) reflect the principle of enhancing local democracy enunciated in BLG, through proposals for local representation and the inclusion of voluntary bodies on the new Eastern Region Health Authority. The challenges facing the task force overseeing the implementation of proposed changes include ensuring equity through arrangements for the commissioning and funding of services, and arrangements for funding national specialisms. Likewise, the principles of equity, quality and accountability dominate proposals for future health service developments set out in *Shaping a Healthier Future*, which aim to manage health and social services with a view to maximising health and social gain for the population. The *Health Amendment Act (3) 1996* outlines a framework for accountability in health service provision. Such accountability will need to be supported through the development of performance management. Major initiatives in the health sector relate to: improving equity, developing clinical audit, increasing accountability, devolving decision making, developing management capacity within the system, and streamlining existing structures.

## **2.5 Fundamental HRM reform**

It is acknowledged by *Delivering Better Government* and *Better Local Government* that fundamental reform is needed in the Irish public service to make it more responsive to the changing needs of citizens and so that it can fulfil its key role in supporting national economic growth. Within Ireland, there would appear to be an emerging consensus on the need for a strategic approach to developing: a customer-focused, efficient, effective and quality service; a results-driven, high performance service culture; and effective management systems. This will correspond with continuing decentralisation and devolution of accountability and responsibility.

## THE HRM AGENDA FOR REFORM

### 3.1 Setting the reform agenda

There is little doubt that the success or otherwise of the public service in meeting the external and internal challenges identified in Part Two will depend to a very considerable extent on how it makes the best use of its greatest asset – its human resources. A strategically orientated, responsive, effective, efficient and flexible public service, which competes successfully in the labour market to attract and retain the best staff can only be created through having the right people, in the right place, at the right time with the appropriate skills and competencies. Given the current arrangements for HR management, such aspirations will present a considerable challenge.

### 3.2 The civil service

The core themes in DBG are accountability, transparency, freedom of information, democratic participation of citizens and customer orientation. It proposes reforms consistent with matching the skills of individuals with the needs of departments, and the creation of a more flexible workforce. DBG states that the ‘creation of a results-driven Civil Service clearly aligned with government priorities and focused on quality of service is not possible within existing personnel structures’ which have ‘too narrow a focus’ and a more proactive approach is required. It states that the emphasis will be placed on performance, and the skills of staff will be fully developed and utilised to meet the needs of the organisation. Resources will be reallocated to reflect the priorities of the department. In addition, increased resources will go to areas of service delivery, training and performance management. These increases will be funded from savings generated through more flexible structures and working arrangements, as well as from a more critical analysis of expenditure programmes.

The main reforms proposed to the existing personnel function include:

- moving from being mainly administrative in nature to taking on more of a developmental and strategic role; and
- moving from central regulation and control of the HR function to devolution of autonomy and responsibility to departmental management.

DBG outlines a role for departmental personnel units in strategic and development issues giving line managers day-to-day responsibility for human resource management. Each department will be required to develop a human resource management (HRM) strategy linked to the overall strategy for the organisation and each department will be responsible for reorganising its existing personnel function and training and development of its own staff.

DBG also recommends, as an ‘absolute requirement’, improved planning mechanisms, and more effective co-ordination between department managers, HR functions and the Office of the Civil Service and Local Appointments Commission, in identifying and making placement decisions based on the skills and qualifications of recruits. It recommends that structures should be put in place for feedback on placements made, problems with response times to requests for competitions and the timely availability of staff from recruitment panels. Priorities include measures to maintain sufficient inflow of external recruits to all

grades, to ensure that high quality recruits are available on a regular basis, that all departments have the full quota they are entitled to, and increasing the availability of candidates with third-level education and honours graduates.

While it states that the system must continue to operate within a unified civil service with common grading structures and common basic conditions of employment, recruitment and selection, the process must:

- be fully integrated within the HRM function both across the civil service and within departments;
- be based on relevant criteria which meet the needs of organisations in an integrated way;
- be conducted in a professional manner in accordance with best practice;
- comply with relevant legislation;
- be responsive and timely; and
- maintain public confidence through upholding the values of fairness, openness and merit.

### **3.3 Local government**

BLG states that a strength of the local government personnel system is that recruitment is objective and based on merit<sup>2</sup>. It suggests that the high degree of mobility between local authorities for higher grades brings an infusion of fresh ideas to individual areas. It suggests that the service has acquired a reputation for accountability and probity and that the system is productive, accommodating additional responsibilities within existing staffing complements over recent years. It is also stated in BLG that the key to achieving its objectives is maximising the potential of local government's most valuable resources, its people. Local government employment accounts for almost IR£486m per annum (37 per cent of spending on current account).

BLG outlines proposals to strengthen the human resources function through:

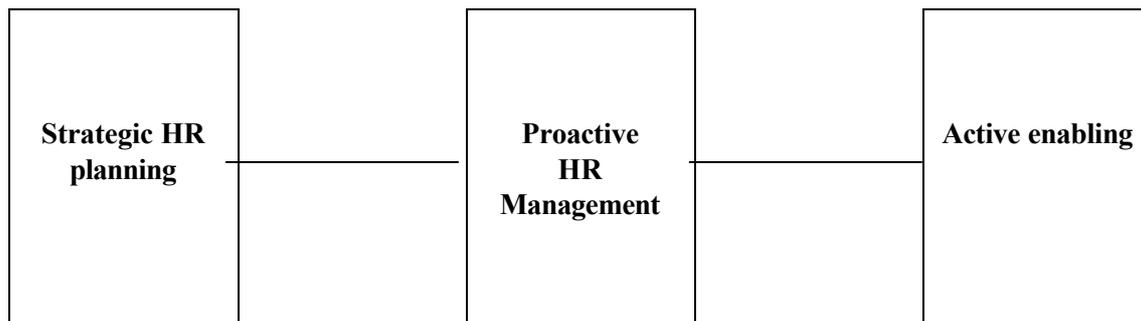
- dismantling departmental controls over HR issues and the devolution of decisions to the local authorities, who will take a more active role in HRM;
- the establishment of a Local Government Management Services Board which would provide for co-operative action by local authorities acting collectively and a comprehensive support system for the human resources function (this board has been created);
- more flexible work arrangements, which would allow movement between officer and non-officer grades; a flattening of the grade structure; full lateral mobility between town and county; and movement between professional and management grades;
- a review of current recruitment processes, including the role of the Local Appointments Commission; open recruitment of graduates into intermediate grades; and, a review of contracts of employment;
- development of staff resources towards a results-driven service, team working, performance management, developing management skills for managers, addressing the gender imbalance at management level and increasing the proportion of staff with disabilities employed by local authorities

### **3.4 A research framework**

Drawing upon an analysis of the current SMI reform programme in the Irish public service, it is possible to identify three interlinked areas which are already acknowledged in DBG and BLG as requiring action by public service managers from a HRM perspective. These

key areas form a HR agenda for change and may be summarised as: (a) Strategic HR Planning; (b) Proactive HR Management and (c) Active Enabling (see Figure One).

**Figure One**  
**An Agenda for HRM Reform**



Each of these areas is inter-related and it is important to define and understand the types of issues covered by each of them, not least because they provide the framework for subsequent analysis of the research findings.

#### *3.4.1 Strategic HR planning*

Strategic management can be defined as a total business approach to strategy formulation and implementation which encapsulates all of the complexities within which an organisation functions (see Smith 1994, Greenley 1989, and Taylor and Harrison 1990). It is a continuous, reflexive and comprehensive approach to management with an emphasis on effective change, visible leadership and staff involvement. The approach is led by clarifying aims, identifying means to achieve them and by pursuing viable opportunities wherever they can be identified.

The key features of strategic management, according to Smith (1994) are:

- A longer-term focus but also attention to the present. Decisions are made on the basis of regular monitoring of success in meeting longer-term objectives. There is a clear link between strategy and operations – action plans, projects and budgets flow from the strategy. People need to know what is expected of them.
- A major role for top management have a major role in ensuring the direction for the organisation through coherent strategies and objective analysis.
- A shared vision which is communicated throughout the organisation; involvement in the planning process is through consultation and ‘a proper mixture of top-down and bottom-up’.
- The creation of the future through the strategy, which is proactive and aware of the scope for future activities and the underlying requirements of customers.
- Continuous monitoring with the focus on the strategic. In-year objectives are related to the longer-term, embracing customer perceptions, underlying quality, efficiency and capability. Monitoring includes not only business results but external developments which might have implications for the strategy.

- Continuous decision-making with changes made as required within the overall direction of the strategy or the understanding developed during strategy formulation. Decision-making is not erratic and does not involve regular changes of mind.

From a HRM perspective, Smith (1994) suggests that the structures and processes required to support strategic management include systems for personal reward and promotion and recruitment which support and reinforce the qualities required in the longer term to deliver the strategy successfully. Thus, from the SMI perspective, the approach to HRM needs to flow from the overall vision for the service and to support immediate and longer-term needs.

In addition, the approach to HRM needs to be strategic itself. For example, how do departments/organisations and the service as a whole determine current and future needs? How are these needs reflected in overall and detailed planning? What influence do they have in determining the numbers and grades of staff needed within public service bodies, as well as the recruitment, promotion and training of such staff? How do HR objectives reflect or underpin business planning at departmental level, as well as the strategic direction of the service as a whole? Finally, how does the public service plan to develop line management, retain top quality staff and manage change through effective planning and implementation?

#### *3.4.2 Proactive HR management*

DBG acknowledges the need for a more proactive approach to HRM, to enable the 'creation of a results-driven civil service'. However, departments are largely responsible for their own outputs and their involvement in the recruitment, promotion and lateral placement of staff is important to ensure that the particular needs (skills and competencies required for adequate performance) of the department are met. The more proactive approach to HRM outlined in Figure One will involve a strengthening of departmental management, with the devolution of responsibility and accountability for HRM to line managers, to include performance management and staff development. Line managers who will have devolved accountability for achieving objectives need to be enabled to achieve these through delegated responsibility for managing the necessary resources.

This research explores the role of line managers and progress made towards devolution of accountability and responsibility of HRM in real terms. It identifies issues about the ability of the public service to compete for talent in the current climate and to retain its best staff. It also examines how individual development needs are currently identified and met, as well as how this process relates to performance management. In addition, current arrangements to encourage good job performance and to tackle poor performance are explored.

#### *3.4.3 Active enabling*

In order to achieve the HRM objectives of the organisation, as well as the reform programme more broadly, the ground needs to be prepared for change. The active enabling of those engaged in the reform programme requires a proactive approach to change management. While 3.4.1 and 3.4.2 above indicate the need for a shift towards a strategic approach to planning and actively managing human resources to enable organisations to achieve their objectives, there is also a need for reforms to support the change process itself. To achieve this, leadership within an organisation needs to be strengthened and training in the management of HR prioritised. In addition, the professionalisation of the HR

function will support both strategic planning and line managers in the HR role. A partnership approach is required to communicate the direction of HRM within an organisation, together with a more bottom-up approach to decision-making.

The issue is, however, even broader and more challenging. In order to have the right people in place at the right time, and to attract and retain the best staff, flexible ways of working are required, including less than full-time working and team working. A more proactive approach to HRM may also require a move away from the traditional arrangements dominated by permanent full-time posts. Finally, the three-fold framework outlined above also provides the basis for a review of international experience in fundamental HRM reform.

## AN INTERNATIONAL PERSPECTIVE ON PUBLIC SERVICE REFORM

### 4.1 Introduction

In addition to a discussion of the external and internal drivers for change in the Irish public service in Part Two, it is important to review the experiences of other broadly comparable public administrations in the light of the framework of key HRM issues identified in Part Three. This international review is based primarily upon available literature on reform initiatives, sourced either directly from the countries themselves and/or relevant international bodies, primarily the Organisation for Economic Co-operation and Development (OECD). In summary, the purpose of this international review is:

- to provide an overview of international developments in HRM within the framework of key issues identified to date in Ireland; and
- to draw upon the lessons learned in other administrations on the reform of human resource management (HRM) in public services as an aid to underpinning effective reform in Ireland.

### 4.2 Overview of international reform

As indicated in Part Two, the focus of reform of the civil and public services in Ireland is to 'make public administration more relevant to the citizen, for whom the service exists' (*An Action Programme for the Millennium* 1997) and to remove barriers which have restricted the performance and job satisfaction of public servants. It was also seen in Part Three that fundamental HRM reform is essential to the competitiveness of the Irish economy and to sustaining current levels of economic growth. In this regard, the priorities for public service reform in Ireland have a different emphasis from other countries, where the key priority is often to reduce public spending. That is not to say that Ireland does not need to manage public services more prudently, or that more efficient use of resources is not consistent with its other priorities. However, within Ireland at present, developing a customer-focused culture and supporting national competitiveness are emphasised more frequently.

Peter Aucoin (1995) refers to the 'trinity of developments' which are driving demands for reform in the public sector in many countries:

1. The need to manage public spending prudently has become a 'universal political priority' given national economic situations.
2. There is a decline in public confidence in terms of the policy effectiveness and quality of delivery of public services.
3. National competitiveness has become vital in the light of globalisation.

Internationally, Laking (1998) suggests also that pressure to reform public services is aimed at achieving the 'universal principles of good governance' which are: public accountability, decision capacity, ethics, transparency and trust. So, economic pressure has been placed upon the public sector to deliver more efficient and better quality services with fewer resources, including human resources; and, it is vital to achieve this reform of human resource management in order to support efforts to strengthen managerial accountability, to increase transparency in public spending and to ensure that the public service remains a competitive employer (see PUMA 1997). In response, there is a common pattern of reform

in many countries towards developing a high quality service which citizens value, which increases managerial autonomy, improves management of organisational and individual performance and supports reform with human and technological resources (Arnold *et al* 1997). In many cases, such reforms have resulted in a shift from centrally regulated public services towards developing performance-oriented public services.

There are particular difficulties in determining the lessons to be learned from the experiences of reform in other countries. Countries are often not openly self-critical about their problems. As a consequence, it can be difficult to gain information on anything other than their achievements. In many countries reforms are very new or have not yet been fully implemented. In addition, the OECD reports that some administrations have had difficulty with suitable quantitative measures or have had operational problems in collecting the necessary evaluative data. 'The lack of deliberate and measured evaluation, in many countries stands in sharp contrast to the amount of time, energy and resources devoted to establishing reform priorities, proposals and implementation strategies' (OECD 1996, p36).

Nonetheless, useful material is available on the progress that has been made cross-nationally. This information is summarised within the three broad areas previously identified. Further details of reform in individual countries are available for reference in the Annex.

### **4.3 Strategic HR planning**

Based on its cross-national experiences, the OECD (1997) suggests that the 'essence' of strategic HRM is 'a sustained focus on the people who do the work of the public service' and that strategic HR planning is essential for maintaining quality public services, attracting high quality staff and ensuring continued commitment from public servants to reform. Strategic HRM involves 'an investment in building and maintaining a quality public service ... sustaining or promoting a public service ethos, recruiting and developing competent, creative officials, and paying them well enough. Personnel development policies should promote an exchange of knowledge and ideas across the public service to encourage common values, cut across traditional institutional barriers, and build networks' (OECD 1997, p.25). The OECD also highlights the importance of integrating HRM into the core activities of strategic planning, budgeting and performance management. The Canadian approach to HRM reform has focused particularly on strategic planning issues (see Annex).

### **4.4 Proactive HR management**

The OECD (1997) states that the most commonly adopted strategy among member countries is the decentralisation and devolution of HRM to line departments and agencies. In its survey, the OECD found that managers were generally positive about decentralisation and devolution of HRM in supporting broader organisational reforms. They also favoured a shift from a rule-bound management culture to a performance management culture. The OECD concluded that the benefits of devolution of HRM included a number of positive benefits:

- capacity to tailor HR practices to specific programme needs;
- improvements in the recruitment, retention and management of staff to meet performance goals;
- greater accountability and responsibility of managers, allowing a more pro-active approach to management;
- sharper focus on efficiency and effectiveness, service delivery and responsiveness; and

- improved links between policy and implementation.

Decentralisation and devolution of HRM are most advanced in New Zealand and Sweden, 'where central management agencies have only a minimal role in human resource management activities,' while in Australia, Denmark, Iceland, the Netherlands and the United Kingdom (UK), a more cautious approach is reported by the OECD (1997, p.49). Devolved budgets and delegated pay strategies are also being used in about half of OECD countries as incentives to departments to think about managing resources to achieve performance objectives. In New Zealand and the UK, departments and agencies now have the authority to bargain individually on pay. In Germany, Hungary, Italy and Spain, active decentralisation has not been pursued, because of a perceived need to maintain unity of values across the public service. The OECD see a need to provide managers with tools of risk management and accountability to meet this situation. In addition, the OECD were concerned about the potential impact of decentralisation on mobility.

In Australia, PUMA (1997) reported that substantial budgetary devolution had been achieved for departments through global allocations for running costs and the reduction of process controls, including those for HRM. Features of the Australian public service include a performance appraisal system, performance pay for the highest performers, and the use of corporate plans to increase the focus on performance management, on outcomes and strategic management more generally. PUMA (1997) also reports a move towards performance benchmarking initiatives in Australia (see Annex).

A shift to management is also reported in Britain, the US and Canada, from 'traditional concepts of administration into the active management of change, much more proactive and positive management of people, more emphasis on teamwork and much greater delegation to the line' (PUMA 1999, p.10). In recent years, many public sector organisations have undertaken performance appraisal and performance-related pay schemes. 'However, implementation has proven to be complex, particularly in the case of performance-related pay, and many schemes have experienced problems' (PUMA 1999). While performance-related pay is seen as an acknowledgement of achieved performance, it is not seen as an 'incentive'. Cross-national evidence suggests that where performance-related pay systems are poorly implemented and/or are not well linked to performance, they can undermine the effectiveness of the scheme as a motivator for good performance (OECD 1997). Despite the difficulties with performance-related pay, it is reported that performance management approaches adopted are popular, and the regular feedback generated through performance management is valuable. Despite the significant variation between departments in the extent of implementation, the benefits of performance management as it stands are reported to include good links between organisational and individual objectives and greater clarity within organisations about their priorities.

The approach taken by individual managers in reviewing performance was raised as an important issue in motivating performance. That is, managers who engaged in joint discussion and agreement were found to generate more motivation than those adopting an over-bureaucratic or superficial approach. Pilot studies of 360 degree feedback supported the power of that process in 'building realism about management style and laying foundations for positive culture change'.

A particular difficulty with implementing performance management is that delegated authority is often incomplete (OECD 1997). In most countries, there are mechanisms in

place for line managers to deal with chronic under-performers but often these are not supported by top management or they conflict with established security of tenure. In addition, agencies may only have partial control over pay budgets or devolution may not be uniform.

#### **4.5 Active enabling**

There are several accounts in the international literature of moves to strengthen leadership and management. In its exploratory 'disentangling' of the effects of complex and accumulated reform in Britain, the US and Canada, PUMA (1999) found general changes in the expectations of management and accountability reflected in changing roles for the higher civil service. Once valued primarily for its policy advice or programme expertise, the higher civil service was now taking on an executive role over agencies and the traditional values and ethos of the service are being replaced by accountability. Increasingly, senior civil servants are treated as they would be in the private sector with an emphasis on performance. The report states that 'The higher civil service, perceived both as part of the public management problem and as a potential solution to it, has ... been the target of downsizing, of demands for increased political responsiveness and of more stringent efforts to measure performance and to reward that which is desirable'.

Acknowledging the different contexts between countries within which reform occurs, PUMA highlights both the positive and negative results to date, and concludes that each of the systems studied are encountering similar challenges to their higher civil service. It concludes that, in the UK reforms of the higher civil service have resulted in the development of better policy and management roles. Intellectual challenge, the opportunity to influence policy and the quality of colleagues have become the 'key motivators' and good job satisfaction is reported despite reduced job security, diminished promotion prospects and the service's inability to keep pace with other career routes outside the service.

The OECD (1997) suggests that there has been a general inattention to the preparation and training required to support decentralisation and devolution to line managers; and equally inattention to the preparation and training required to support line managers to be accountable without 'excessive oversight or control'.

The tension between greater flexibility and common grading structures is explored by the OECD (1997, p.50). The key arguments in favour of a common 'classification' system are that they are 'a significant part of the glue that holds the civil service together as an employer' and that it facilitates movement of people between different parts of the service as a 'common language'. However, common classification systems are also 'often a large part of the problem of gaining flexibility in staffing and deploying the workforce' required for effective decentralised HRM. With a view to greater flexibility, several countries such as Australia, Canada, Finland, New Zealand, the Netherlands, Denmark and the United Kingdom, have removed or reduced central controls on classification.

## 4.6 Concluding remarks

Drawing on the experience of its member countries, the OECD (1997) puts forward the following principles for successful human resource management strategies:

### 1. *Strategic HR planning*

- A long-term perspective needs to be maintained in implementing, investing in, and sustaining changes in the structure of the workplace and the workforce.
- Reforms and policies for HRM need to be integrated into core business planning activities within organisations and strategic HRM must be recognised as a vehicle to achieve organisational goals.
- Strategies for structural change need to be implemented in tandem with strategies for addressing how public service workers will be affected by changes in the workplace and how workers can best be brought along the reform path.

### 2. *Proactive HR Management*

- Devolution of human resources within a tight accountability and resource framework is an essential part of meaningful devolution to line managers, and is a strong incentive to achieve performance objectives.
- Performance appraisal needs to be linked to career management for better motivation. Line managers need to work closely with staff in planning career, development, mobility, training and performance management. Workers need to be assisted in self-managing their careers with employers helping them to identify ways to reach their potential and offering mobility paths.

### 3. *Active enabling*

- The pace of reform is important to the ability to sustain change. Workers need time to catch-up both psychologically, and in their skills, with changes occurring in work.
- Leadership needs to be cultivated. Values need to be instilled in managers through development, and by successfully integrating managers into the new organisational culture.
- Resources and incentives are required to invest in training and development to support all forms of organisational change.
- Effective communication between management, workers and their trade union representatives is a key element in change management: for preserving motivation and morale, for securing worker support and participation in reforms over the long-term, and in minimising the loss of productivity and efficiency that can follow major reform and organisational upsets.
- The capacity of the public service to recruit and retain the highest quality workers needs to be protected by ensuring the needs of the organisation and the broader public service are balanced with the needs of workers.
- Mobility is important in promoting change, exchanging ideas and experiences and providing opportunities for development.

In Part Five, the findings from a survey of current practices in the Irish public service are analysed in the context of these OECD experiences.

## CURRENT PROVISIONS FOR HUMAN RESOURCE MANAGEMENT IN THE IRISH PUBLIC SERVICE

### 5.1 Introduction

In Part Five, the key areas for reform identified from a review of the national and international evidence are used as the framework for a detailed examination of current provisions for HRM in the Irish public service. These provisions were reported by interviewees from a cross-section of different types of public service organisations in Autumn 1998, as well as an analysis of available documentary evidence. While a review of the literature provided a good indication of the types of key issues facing public service managers, these needed to be explored in more detail by consulting a small number of key individuals directly involved with the day-to-day HR work of their organisations.

Given the size and complexity of the Irish public service in HR terms, it was not practicable, within available financial resources to undertake, for example, a statistically representative survey of HR managers service-wide. Instead, structured discussions were undertaken in a number of central government departments who have responsibilities either as employers in their own right and/or wider sections of the public service, e.g. the civil service, local government and health sectors. In addition, a small number of individual senior managers in these sectors were included in the study. Although not entirely representative, the commonality of views expressed across the service does suggest that the findings from the research may be taken as broadly indicative of the situation across much of the wider public service.

Fieldwork at each sample organisation included (a) an analysis of key documents including *Strategy Statements* and human resource policy documents provided by the respondents and (b) interviews with key informants concerned with human resource planning, SMI and policy-making. In addition to key central agencies with SMI and/or HR responsibilities, such as the Departments of Finance and the Taoiseach, as well as the Office of the Civil Service and Local Appointments Commissioners, the fieldwork also included a number of individual bodies in the civil service, the local authorities and health sector. Overall, the purpose of fieldwork was to provide an overview of current arrangements for HRM in the public service, to identify different approaches taken to the reform programme and the progress made to date. In addition, issues that would be important for the further progress of reform would be identified (see Part Six).

### 5.2 Current arrangements for strategic HR planning

As an essential part of the SMI reforms, and as international experience indicates, a strategic approach to human resource planning is vitally important, not only to ensure that the public service makes best use of its finite human resources but also to enable it to compete more effectively with commercial organisations for the most skilled staff available. Within the Irish context, such planning takes place to varying degrees both centrally and within individual organisations. However, overall, the results from the fieldwork phase of this research suggest that in the Irish public service the concept of a strategic approach to HR planning is still in its infancy.

### *5.2.1 Central leadership in HRM reform*

The role of the Department of Finance is absolutely vital to the development of a strategic approach to HRM and HR planning across the civil service, consistent with its role in the management of the overall process of resource allocation across the public service. In addition, since the launch of the SMI in 1994, the Department of the Taoiseach has had service-wide responsibility for the development of a more co-ordinated approach to strategic HR planning within the civil service. The department's current *Strategy Statement* identifies SMI as the main vehicle for responding positively to: increased customer public expectations of improved service delivery; the demand for greater openness and transparency in the handling of civil service business; increased staff expectations of a more open and rewarding working environment; and the need to provide quality services which use finite resources more effectively.

In addition to the central positions played by the Departments of Finance and the Taoiseach, there are a limited number of key policy departments, which as well as being employers in their own right, have a strategic role to play in relation to the planning of human resources within the broad sectors of the public service for which they have responsibility. Such bodies include the Departments of Defence, Education and Science, Environment and Local Government, Health and Children, and Justice, Equality and Law Reform. Cross-departmental working groups have been set up to co-ordinate and take forward the SMI and HRM reforms. A phased approach to HRM is proposed, including developing communications and training programmes to support: the implementation of performance management; the development of the HR function; and reforms to recruitment, promotion, tenure and terms of employment.

The Civil Service and Local Appointments Commission (CSLAC) has made considerable progress in developing job profiles and competency-based assessment methods for the recruitment of staff at assistant principal, administrative officer, higher executive officer, third secretary and executive officer grades, as well as health board chief executive officers, auditors, gardai and prison officers. While a move to a competency-based approach to recruitment and selection was welcomed by departments, our interviews suggested that issues remain about the lack of involvement of line managers in identifying job competencies and the CSLAC's ability to respond quickly to the recruitment needs of departments.

### *5.2.2 Central constraints on strategic HR planning*

During the survey interviews, a paradox was identified concerning the roles of central policy departments in the HRM reform process. A number of interviewees felt that, although SMI is being promoted from the centre, the control over staff numbers by the Department of Finance is not entirely consistent with adopting a strategic approach to matching skills and competencies to the needs of each organisation. Similar views were expressed in relation to the roles of the Department of Environment and Local Government in relation to local authorities and the Department of Health and Children over health boards and agencies. Moreover, the view was expressed by respondents that there was little evidence to suggest that such numbers are derived using a robust or analytical approach to determine the needs of individual departments or agencies. In addition, interviewees suggested that the universal grading structure and central collective pay bargaining, while aimed at protecting the public service ethos of merit, fairness and equity in employment, may not be appropriate for such a broad and diverse spectrum of organisations as the public service. It was certainly felt to constrain the degree of effective flexibility locally.

### 5.2.3 *The will to change*

However, such views need to be seen in context. The interviewees also suggested that central constraints were not the only obstacle to change. In fact, there was evidence from the survey that HRM reform could be advanced despite such perceived obstacles. The interview findings suggested that the culture within an organisation is vital to change, not only in relation to understanding the basic concepts of strategic HR planning, but also the capacity to see beyond perceived constraints in order to be innovative and find ways in which change could still be achieved.

For example, in some organisations, little progress was reported towards HRM reform. The view of staff was that the role of the personnel function was largely limited to staff administration within the grades and numbers set centrally. The staffing needs of the organisation had not been reviewed for several years. Managers felt they had no say in the selection or promotion of their staff. HR planning was seen as largely reactive, characterised by short-term fire fighting activities, to re-deploy staff to meet immediate priorities as they emerged, or prioritising work to match the staff available. Such planning was neither long-term nor strategic. In such organisations, the emphasis in HRM was almost exclusively on the development of staff already within the organisation, rather than reviewing strategically and then selecting or redeploying staff with the skills and competencies needed for the services to be provided, both now and in the future.

In contrast, in other organisations which were subject to similar central constraints, considerable progress appears to have been made towards adopting a more strategic approach to HRM. In one organisation, following a survey of staff, a steering group had been set up to develop a HR strategy, which is currently being taken forward through its partnership committee. It is planned to align the HR strategy with the business planning process. A competence-based approach to selection is being developed. In another organisation, a five-year view is being taken in the development of a portfolio of staff skills and competencies required to meet organisational needs. It is planned to direct recruitment, promotion and training to meet the skills and competencies thus identified. Within this organisation, the development of a strategic approach included identifying current problems in the management of human resources, and ways to address them. This approach included successfully negotiating a temporary local recruitment drive to meet a critical shortage of staff in one area and the development of cross-functional teams in some of its work areas, which proved in the long run to provide a more cohesive and flexible approach to working than in traditional units.

There is some evidence to suggest that a strategic approach to HRM may be more advanced in organisations further removed from the centre. For example, in a health board sampled and in two local authorities, there was evidence that HRM was viewed as central to meeting the organisations' objectives. Although still in its infancy, strategic HR planning was identified as the key vehicle through which one local authority could overcome the problems it faced; including improving customer service, reducing bureaucracy and achieving better role definition and lines of responsibility for staff. Strategic HR planning would be built around defining the competencies needed for each role and building these into subsequent recruitment, selection and staff development. Ideally, it would also include the involvement of line managers in the selection of candidates to match the needs of their posts.

In another local authority, HRM reform is seen as a key component in its broad approach to modernise the organisation. Acknowledging that changing structures alone is insufficient for the organisation to achieve its mission and purpose, its proposals are aimed at an examination of internal organisation processes and a range of personnel issues to support structural change. Its approach is holistic and includes new management structures, the empowerment of staff, the allocation of human resources and a review of the culture of the organisation.

Good practice in strategic HR planning was also evident in the health sector. For example, one health board had adopted a model where human resource planning is built around the service planning process. High level objectives filter down into business planning and thence into HR planning. The personnel officer is an integral part of the management team. Thus, not only do HR needs fall out of the service planning process but service planning is informed by the organisation's HR requirements. Line managers are involved in deciding the number of grades required per service and the numbers per grade.

### **5.3 Proactive HR management**

To enable the development of the results-orientated public service sought by the SMI, and for HRM to truly underpin reform, managers need to be allowed to manage results. This involves a shift from largely reactive personnel administration to more proactive HR management. Such a situation requires line managers to be involved in all aspects of HRM, including matching skills and competencies to the needs of the organisation. Personal development planning and performance management need to become an integral part of the supervisory relationship between line managers and staff. The emphasis is on unlocking the potential in every individual and enabling them to reach their full potential within the organisation. Proactive management is also about being able to attract and retain the very best talent to be able to meet the needs of the organisation.

#### *5.3.1 Devolution of accountability for HRM*

At present, within the civil service, significant responsibilities for the development of HRM remain at the centre. Even within organisations, the personnel function often appears to have little direct engagement with proactive HRM. Within this context, however, efforts are being made by some organisations to strengthen the role and skills of the personnel unit within the organisation for more strategic issues, while delegating more day-to-day HR responsibilities to line managers. In other organisations, there is some evidence that more empowerment of line managers is progressing so that they have a greater say in what skills and competencies are needed for the service. To support these changes, line management structures are also being clarified and HR skills and structures being improved within the organisation. Indeed, the Civil Service and Local Appointments Commission is seeking to involve departments to a greater extent in identifying their own skill and competency needs.

In the wider public service, the Local Government Management Services Board (LGMSB) and the Health Service Employers Agency (HSEA) have specific roles in the development of HRM in their respective sectors. Recently, to address the fact that many local authorities do not yet have a designated personnel officer (PO), as well as to help promote best practice in HR, the LGMSB has established a PO network for local authorities. One local authority in the study reported moves to devolve its HR functions to line departments and managers, and new structures aimed at clearer lines of responsibility. This involved de-layering to eliminate overlapping grades. To raise the level of HR skill and assistance to line managers, HR specialists are being recruited and trained.

Within the health sector, the Department of Health and Children plans a phased transfer of responsibility for industrial relations, pay and conditions to the Health Services Employers Agency (HSEA) and 'optimum devolution' of day-to-day personnel issues to the health bodies themselves. Management structures in community services are reported to have shifted from administration to 'real management' and manuals and training programmes are being developed for line managers to promote the positive role that they can fulfil in staff development. Certainly, within one health board, plans are in hand to give line managers an active role in performance management.

### *5.3.2 Managing results*

As previously discussed, line managers have not generally been given real responsibility for HRM. However, there are a number of other issues preventing line managers from actively managing human resources towards achieving the objectives of the organisation. Currently there are few real options for managers to reward those who do a good job, or to address problems of under-performance. The common grading structure means that pay is linked to grade rather than level of responsibility and individuals progress through increments based on seniority rather than merit. In addition, line managers have little say in who is promoted or how well they meet the requirements of the job.

Currently, the inter-departmental Performance Management Group, as a sub-committee of the HRM group, is in discussion with the unions on implementation of a performance management system. Interviews with members of the group suggest that the development of performance management is seen as the bedrock of reform and a cornerstone to organisations achieving strategic objectives.

### *5.3.3 Developing staff to reach their full potential*

For individuals to reach their full potential within an organisation, training and development should focus on the strengths and development needs of the individuals concerned. In this sense, the emphasis in approach is different to training in the traditional sense. It involves both training and matching individuals to their roles in the organisation, through an on-going system of appraisal and re-deployment or re-skilling as the needs of both the organisation and individuals change.

In their strategy statements, all the government departments covered in the study acknowledged their commitment to developing staff training and development to enable staff to reach their full potential. A similar position is reflected at local authority and health board levels. One department did go further; it proposes to review organisational arrangements in order to retain competencies and use the option of re-skilling where appropriate. Within the organisations visited, staff appraisal systems are being developed, but it is unclear at present how this initiative will link into developing individuals to reach their full potential. One particular issue raised in discussion was the challenge presented by decentralisation. The geographical dispersal of organisations, and the geographical immobility of staff, could make it particularly difficult to develop staff to their full potential. Size of organisation was also an important consideration, with larger bodies more able to move people around for a better match between potential and role.

Although local authorities can avail of a substantial training programme with the involvement of the LGSMB, training did not appear to be often linked to the development needs of individuals. The LGMSB, in its work with local authorities, is trying to shift the focus from training to a personal development approach. However, at this stage such an

approach often remains conceptual. Plans are in place to introduce personal development planning in the health boards reviewed, to allow a more effective contribution to be made by individuals to fulfil their role in the organisation.

#### *5.3.4 Attracting and retaining high calibre staff*

It is clear that the public service is having to compete more and more with the private sector for the best talent available. Moreover, several respondents felt that the service is losing pace with its competitors because it cannot respond in the same way to market demands. This phenomenon was apparent in the departments reviewed, particularly in the Information Technology (IT) area, but also for clerical staff. In the health sector, inability to reflect previous experience abroad and post-basic qualifications in determining pay rates was an issue in attracting staff for physiotherapy, dental and paramedical grades. Despite such problems within organisations, it seems that the need to target high calibre and committed staff has yet to be explicitly stressed in their strategy statements.

It was reported during the fieldwork, that retention of staff has only recently become an important issue for the public service. Even now, it is often felt that such difficulties are largely restricted to specialist/professional and clerical grades. Valuing and retaining staff is not generally mentioned as a key issue in many strategy statements. Within local government, efforts are being made to see all staff as employees rather than servants and officers and to emphasise the positive impact motivated staff can have on improved service delivery.

### **5.4 Active enabling**

In order to achieve the HRM objectives of the organisation and reform, the ground must be prepared for change. Active enabling proposes a proactive approach to change management. Leadership within organisations needs to be strengthened. Line management needs to be developed to having clear lines of accountability. The HR function needs to be professionalised to support strategic planning and managers in their new HRM roles. A partnership approach is required to communicate the direction of HRM throughout the organisation and how it will achieve its objectives. This must include a bottom-up approach to informing decision making. In order to have the right people in the right place at the right time and to attract and retain staff, flexible ways of working are required, such as flexible approaches to employment, working hours and team working.

#### *5.4.1 Strengthening management and leadership*

With the exception of the Department of Health and Children, there is little reference to the need to strengthen management and leadership in departmental strategy statements. The Department of Health and Children stresses the need to develop management and leadership as part of a management development strategy (see Dixon and Baker 1996). It states that 'strengthening the management capacity throughout the system is seen by many as the most important prerequisite to achieving change' (p. 4). It highlights ways towards strengthening the management capacity of the health and social services sectors through a 'radical review' of recruitment, selection, induction and appraisal processes and addressing issues of equality, flexibility, and collaboration. The HSEA is currently working with health boards on a range of HRM issues, including an advisory service to employers on the development of their HRM function, on industrial relations and change management issues, and the development of appropriate HR policies and guidelines. Recently, the HSEA has drawn up a HRM strategy for the sector. It has identified a number of initiatives aimed at strengthening management. These include restructuring publicly funded health boards,

hospitals and agencies by the appointment of directors of finance, general and programme managers, as well as chief executives for larger organisations. Within most organisations, it appears that the emphasis currently in training for line managers is largely on implementing performance measurement and induction.

#### *5.4.2 Professionalising the HR function*

Several interviewees adverted to the status of the personnel officer within the organisation as a particular concern, suggesting that a move into personnel was a retrograde step on the career ladder. In addition, they suggested that personnel officers were poorly prepared for their role and are largely limited to administrative duties. It is clear that effective reform of HRM will require a significant change in the status and role of the HR function. For a strategic approach to HRM and for the HR function to support line managers in their role in a devolved HRM setting, personnel officers will need to be appropriately trained and professionally qualified. In one organisation sampled, a significant effort was made to prepare personnel officers for their role in implementing a strategic approach to HRM, through targeted training and secondment to known good practice organisations. However, this also resulted in the leakage of some trainees to the private sector.

#### *5.4.3 Developing new ways of working*

In order to achieve a more effective use of human resources, departments identified in their strategy statements the need for greater flexibility and new ways of working. Changes in structures and reporting arrangements are being developed in the Department of the Environment and Local Government and in local authorities to address the multi-stream issue. In one decentralised organisation visited, a new mobility policy is being developed. In another organisation, cross-functional teams are being developed to build a shared corporate identity and to allow lateral mobility of staff. Across the civil service, the standard employment norm is permanent full-time working. Job-sharing is the main exception. The need for more flexible working arrangements was identified during the fieldwork, including more varied forms of part-time working, fixed-term contracts, local recruitment and home working. In this regard it is also interesting to note that the HSEA is currently carrying out research into the options for more flexible ways of working. In addition, term-time working is being piloted in a number of departments.

#### *5.4.4 A partnership approach*

The adoption of new ways of working will need to be taken forward within a partnership approach. A number of strategy statements identified this approach in terms of:

- the maintenance of *Partnership 2000* to support economic growth and competitiveness;
- the development of effective partnership structures to facilitate change;
- improved openness and transparency;
- improved communication; and
- change management.

Within the civil service, departments appear to emphasise different approaches to partnership in their strategy statements. In one department, the emphasis is placed on dialogue with the trades unions; promoting and developing communication and partnership, with the establishment of a central consultancy on best practice in change management. In another department, the emphasis is on a commitment to good industrial relations and developing that department's strategy through the consultative process. The Department of

Health and Children reports, in its strategy statements, that it is working in partnership with the HSEA, unions and representative groups of personnel. It has developed a partnership committee: to encourage ownership and identify areas requiring attention; to develop an efficient communication process; and to deal with social partners in an atmosphere of openness and mutual respect. Similarly, the HSEA is working with unions and managers to clarify what is meant by partnership and to develop a modern approach to managing which is more open in style and encourages greater participation. A similar situation was reported for local government. For example, the proposed approach to modernisation at one local authority was developed through: a range of working groups involving a large number of staff from all areas of the organisation; the establishment of a number of cross-departmental workshops and groups; and councillor representation on strategic policy committees. In addition, a partnership forum has been launched towards cultural change and consensus.

In practice, it appears that the partnership committee is often seen as the main vehicle to achieve change within organisations. For example, in one organisation, a HR strategy was developed by a steering group and then refined and taken forward by the partnership committee. However, implementation is reported to be patchy at this stage due to industrial relations difficulties in agreeing some aspects of the strategy. In other organisations, it is too soon to know how effective the partnership approach may be. Drawing upon the findings on the current provisions for HRM in the public service, as well as the international review (Part Four and Annex), it is now possible to summarise the key issues identified by the research and to plot ways forward.

## RESPONDING TO THE HR CHALLENGE

### 6.1 Introduction

This discussion paper has sought to contribute to our understanding of a vital component in the government's SMI reform programme, by identifying and discussing some of the key human resource management issues facing the Irish public service. In so doing, it seeks to encourage constructive debate amongst those directly engaged with the process of change itself. In total, the Irish public service has nearly 221,000 employees but, as never before, it is having to compete with commercial organisations to recruit and retain high calibre staff. In such circumstances, it is vital that the public service also makes best use of staff already in post.

Overall, this research has sought to provide an overview of how the Irish public service currently matches the abilities and skills of staff with the needs of the services, against the backdrop of international experience and best practice. It has sought to underline the critical importance of effective human resource management structures and processes to underpin an effective reform programme. That programme is central to embracing, supporting and promoting a customer-focus to service delivery, as well as Ireland's competitiveness in a rapidly changing economic and political environment. A continued and positive response to the HR challenges facing the Irish public service is vital, not just for all those employed in that service, but for the effectiveness of the services it delivers to us all.

### 6.2 Unfinished business

The underlying principles of the SMI (see Part Two), and the approaches adopted by the public service reform programmes in Ireland and other administrations (Parts Three and Four), all highlight the central importance of adopting a strategic approach to HRM, both to underpin and enable the fundamental programme of reform to be realised. Regrettably, it would appear, from both a careful analysis of the documentary evidence available and the fieldwork visits to organisations in the Irish public service, that a strategic approach to the planning of its valuable human resources is still in its infancy (see Part Five). Similarly, although there is evidence of progress being made on related issues concerning the broader development of human resource management, managing for results, promoting best practice and developing new ways of working, again the overall position that presents itself is essentially one of unfinished business.

It could be argued that there are centres of excellence or areas of innovative best practice not identified by this study. If this is the case, then such examples should be encouraged to raise awareness of their efforts within the wider public service. However, although the cross-section of organisations that could be visited during the course of this initial study was necessarily limited, and could not be argued to be entirely representative of the public service in all its complexity, the issues and themes identified in this study will strike a chord with many of those concerned about the progressive development of human resource management into the new millennium.

### 6.3 Key issues identified

Based on the findings during the documentary review and fieldwork with the sample of public service organisations, a range of issues was identified. They can be summarised as follows:

- Central leadership<sup>3</sup> has outlined the strategic direction for HRM reform in SMI, DBG, BLG and departmental strategy statements. However, central constraints remain which are not entirely consistent with a strategic approach to HR planning. While the study does identify some positive attempts to move towards a systematic and analytical approach to assessing service needs and matching human resources to those needs, the whole-hearted adoption of effective strategic planning at the organisational level would be difficult to reconcile with existing practices where staffing numbers are determined centrally.
- Despite such central constraints, however, the research has shown that, where there is the will to change, HRM reform can be advanced. This implies that reform needs to be under-pinned by a cultural change and more widespread empowerment within organisations. Managers and staff need to be enabled to see beyond day-to-day difficulties and to view strategic HRM as the vehicle through which difficulties can be best addressed.
- In terms of HRM as an integral part of management and planning, there were considerable variations between organisations visited. While it was still at a conceptual stage in two organisations, it had been rolled out to a reasonable degree in four other organisations. In contrast, it had not been advanced at all in two organisations sampled. The key differences related to the extent to which line managers had been delegated responsibility for HRM, and the involvement of line managers in job profiling, recruitment and selection, and promotion.
- The Office of the Civil Service and Local Appointments Commissioners has already introduced competency-based selection procedures for a range of grades within the service and has actively sought to improve the quality (including responsiveness) of its own services. In addition, the HRM Implementation Group has proposed a new model for recruitment to the civil service, which is currently being refined in the light of advice from external consultants. It is clear that organisations could take a more active role in recruitment, both in terms of identifying their organisational needs, in participation on interview boards and in negotiating greater flexibility within the staffing frameworks set jointly by the Department of Finance and the General Council.
- In terms of unlocking the potential within individuals and enabling them to reach their full potential within the organisation, the emphasis on training and development was moving more towards meeting the needs of the organisation, but appears to have paid little attention to personal development planning. However, the findings suggest that organisations are becoming more aware of the need to focus training on the needs of the individual and for individuals to take more responsibility for their own development. Personal development planning is being addressed in the new performance management system. Along with personal development planning, appraisal will need to focus on how individuals are placed within the organisation, both in terms of how they can contribute to the organisation and how the experience they gain can help them to meet their development needs.
- Currently, there are few options for line managers to reward those who do a good job and to address consistent underperformance. Centrally, the introduction of a system for performance management is seen as a key area of reform.
- The public service's ability to compete for the best talent available is becoming more of an issue for organisations, especially in specialist and clerical grades. Unable to respond to market rates of pay, there is evidence to suggest that public service

organisations are losing pace with competitors. While retention is not a crucial issue within many organisations at present, attrition rates are beginning to rise.

- In terms of enabling change, the emphasis currently within departments appears to be on partnership and partnership committees have a lead role to play in advancing reform. However, little attention appears to have been given to strengthening leadership, both in terms of HRM strategy and policy development and in preparing line managers for HR management, including performance management and personal development planning. The line manager's role is also restricted where lines of accountability have not yet been clarified.
- The status of the HR function is an issue within several departments, such that a move to the HR function is seen as detrimental to career progression. In addition, the findings suggest that HR staff are often seen as administrators rather than managers and there are issues about how HR staff are prepared for their role. For the HR function to support line managers in their day-to-day management of HR and to implement a strategic approach to HRM, attention needs to be given to the skills and competencies needed by HR staff to fulfil such a role.
- To achieve a more effective use of human resources, to widen the pool of potential recruits and to become a more attractive employer, more flexible ways of working need to be explored. These would include flexible approaches to employment such as varied forms of part-time working, fixed-terms contracts, and local recruitment and more flexible ways of working such as team-working, home working and multi-skilling.

#### **6.4 Responding to the challenge**

Many of the complex issues relating to specific HRM measures (e.g. recruitment/selection, promotion, training/staff development) raised during the interview discussions for this study would merit being the subject of detailed enquiries in their own right. However, even this initial research was successful in identifying a number of key challenges facing the Irish public service in adopting an effective strategic approach to the management of its human resources. We looked at strategic objectives set out in *Delivering Better Government*, *Better Local Government*, *An Action Programme for the Millennium* and available documentation on best practice and HRM reform in other administrations. That process made it possible to develop a conceptual framework to indicate the type of strategic and holistic approach to human resource management that the Irish public service will need to adopt to engage effectively with the internal and external challenges it currently faces.

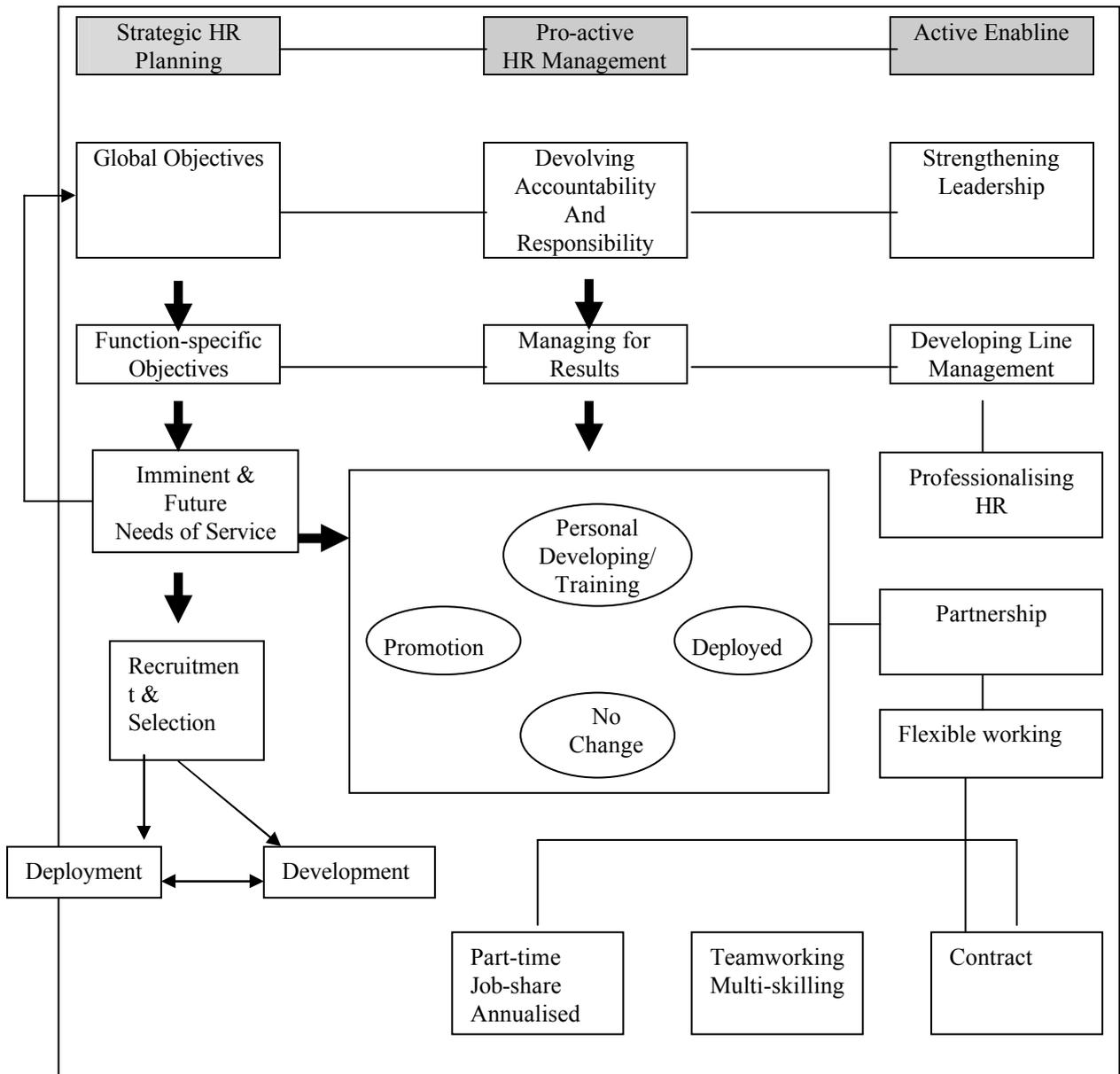
The framework proposes three strands to effective HRM which together form an integral part of the wider drive for strategic management in the Irish public service (see Figure Two):

1. *Strategic planning* of its human resources is the critical factor in the public service achieving its objectives and in achieving effective reform. HR planning needs to take the long-term view to implementing, investing in, and sustaining changes. Once clear global objectives for the service have been defined, these need to be translated down into function-specific objectives, which should determine both the imminent and future needs of the service and, in consequence, the skills and competencies required to fully meet those needs. There also needs to be a feed-back loop to ensure that the future skills and competencies required of the service will themselves be built into business planning and the identification of global objectives. Once the skills and competencies required by the service are identified, they need to be matched with the appropriate individuals in the right place and at the right time. Recruitment, selection, deployment

and selection of appropriate individuals from outside the service is one route but the service also needs to optimise the skills and talents of those already employed. At present there must be significant concerns about the under-utilisation of that resource.

**Figure Two**  
**A strategic, holistic framework for effective HRM**

Effective HRM involves three closely woven strands to ensure a strategic, and fully managed approach



2. Closely interwoven with strategic planning is the second strand: *pro-active HR management*. The public service must pro-actively manage the skills and talents of the individuals it has by identifying and realising their full potential. Such an approach also implies that those at the functional level, responsible for the outputs and results of services involved, are best placed to manage the people producing those results. Real devolution of accountability and responsibility for HRM in the public service is central to pro-active HR management. Here, the line manager occupies a pivotal role in managing for results through performance management and ensuring an optimal fit between the individuals available to him or her and the changing needs of the service. In this approach, line managers also have a key role to play in the personal development/training of staff, their promotion and deployment, so that wherever possible the right person is in the right place and at the right time.
3. Finally, neither effective strategic planning nor the transformation from administration to pro-active human resource management is likely to be achieved without the third strand to the framework – *active enabling*. This strand is about preparing the ground for change and supporting sustained and progressive reform through widespread ownership. As the OECD points out, the pace of change is important and the needs of the organisation have to be balanced with the needs of workers. In order to devolve accountability and responsibility for HRM and to achieve results, line management needs to be strengthened and leadership skills developed. Within individual public bodies, the HR function needs to be developed to support line managers and to promote a strategic approach to HRM within their organisations. Professionalisation of the HR function would also transform and elevate its perceived Cinderella status within the public service. In order to attract and retain staff, and to have the right people in place at the right time to achieve results, more flexible ways of working need to be actively considered; such as part-time working, or contract working and team-working or multi-skilling. In addition, partnership is a required to encourage ownership at all levels of the organisation, to ensure a smooth transition and to manage change.

### **6.5 Where next?**

Comparison of the current position in the Irish public service and the framework indicated at Figure Two above, clearly shows that although some real progress has been made at the outset, a considerable journey still has to be travelled to achieve a strategically planned approach to human resource management which will ensure best fit between needs and the skills and competencies of staff. Phase One of this research programme has deliberately adopted a strategic overview of the issues and challenges ahead. To provide further assistance in the development of practical solutions to some of the very difficult problems remaining, it is proposed that further research should be undertaken to identify the key outstanding issues and best practice approaches to finding solutions in the following areas:

- Effective approaches to the decentralisation and devolution of HRM.
- Gearing the recruitment, selection and placement of new staff to the long-term and immediate needs of the organisation.
- Improving the arrangements for the development, promotion, retention and mobility of existing staff.
- Professionalisation of the HR function and development of line management.
- Development of flexible and innovative working arrangements.

On the basis of the results from this initial research study, new insights in relation to each of the above would help public service managers to respond positively to the particular challenges they currently face.

## **6.6 Concluding remarks**

Finally, in considering how the Irish public service would present itself when it had attained the holistic and a strategic approach to HRM indicated in Figure Two above, it could be helpful to reflect upon some Canadian research findings. Brodtrick (1991) in his empirical study of eight best practice public service organisations in Ottawa identified five common attributes:

1. *An emphasis on people:* In such organisations, people are encouraged and developed in the organisational belief that high performance is the result of people who care rather than systems that constrain.
2. *Participative leadership:* Here, leaders 'envision' and foster commitment. Communication is actively promoted and any boundaries minimised to encourage collaboration.
3. *Innovative work styles:* Staff are supported to be creative problem solvers, with learning and development encouraged through monitoring and constructive feedback. Staff are self-reliant rather than control dependent.
4. *Strong client orientation:* Staff derive satisfaction from serving the client rather than the bureaucracy.
5. *A mindset that seeks optimum performance:* People are enabled to hold values that outlive short-term changes and drive them to always seek improvement in the organisation's performance.

As *Delivering Better Government* (1996) correctly points out, 'the creation of a results-driven civil service with government priorities and focused on quality of service is not possible within existing personnel structures'. It is hoped that discussion of the issues raised in this paper will encourage further the development of effective public management responses to the considerable challenges still ahead.

## **ANNEX**

### **APPROACHES TO HR REFORM IN A NUMBER OF COUNTRIES1**

#### ***A.1 Introduction***

In Part Four of this report, the key issues arising from the international experiences of HRM reform are highlighted and developed. The purpose of the material in this Annex is to support the conclusions presented in the main report, with an overview of approaches to reform taken across a range of countries and the views reported on their success.

#### ***A.2 Canada***

Public services in Canada have a similar history to those in Ireland developing from the same Westminster tradition. Good practice is reported in the literature in terms of the reform of HRM underpinning reform overall. Similar to the remit of this study, HRM reform in Canada is concerned with looking at both current and future needs of service. Unlike Ireland, Canada operates a federal system but considerable central control is maintained throughout that system.

Canada sets out its model to rebuild the public service as a ‘modern and vibrant institution’, in *La Relève* (1998). It outlines a renewal that centres around making the most of the talents of public servants to meet the needs of citizens, now and in the future. Each aspect of reform outlined in *La Relève* is grounded in the notion that people are at the centre of reform and the vital ingredient in making it happen. In fact, they are ‘mission critical’. Thus reforms are set out in terms of getting public servants, citizens, unions and the government working in partnership.

The need for reform is reported to have grown out of years of neglect of human resources in the public service and *La Relève* sets out to ‘restore hope’. It is aimed at ‘rewriting pride’ in the public service through recognition, civility, dignity and fairness for public servants. While it promotes commitment from the top, it states that equally important is input, commitment and ‘buy-in’ at all levels. It emphasises the need to target issues arising from the workplace and to contextualise global issues at the local level. It stresses dialogue and communication of intentions and actions taken in response to feedback in order to expand the circle of understanding and commitment. *La Relève* claims to have a bias for action, for trying new things, keeping those which work and discarding those which do not.

The key principles of Canada’s reform of human resource management are to:

- give a commitment to act in the best interests of current and future employees;
- support personal and professional development;
- ensure the flow of talent and the attraction of new talent;
- modernise human resource management systems; and
- foster leadership.

Summing up Canada’s reforms of HRM helps to identify elements of good practice, at least at the conceptual stage of reform. In *La Relève*, reform is:

##### *1. Strategic and proactive*

- it is grounded in making the best use of human resources;
  - it is aimed at both the current situation and the future needs, retaining and attracting future employees;

- it sees change *managed* through promoting understanding and commitment through communication, discussion and feedback.

## 2. *Collaborative*

- it uses a partnership approach;
- it is founded on the need for top level commitment and buying in to the change process at all levels, including citizen participation;
- it values people as it aims to initiate change specific to the local context.

## 3. *Empowering*

- it aims for cultural change, being proud to be a public servant;
- it emphasises the value of human resources – recognition, civility, dignity and fairness;
- it encourages individuals to be responsible for their own future and putting systems in place to support personal and professional development.

### **A.3 United Kingdom (UK)**

Unlike Canada, the fundamental changes which have taken place in the UK over the past decade and a half did not derive, initially at least, from concerns to empower public servants through a partnership approach. Rather the programme of radical change was driven by political concerns to reduce the costs of public employment, to introduce competitiveness in the provision of services and to fundamentally alter the nature of government through increased exposure to market forces. As a consequence, the philosophy for change was based upon the fundamental premise that public services must learn from and adopt many of the approaches characteristic of the private sector (Wilson 1993). Thus, reform was aimed at forcing the public service to become more business-like, through a framework which has become known internationally as the ‘new managerialism’.

The key features of this model are:

- The separation of policy making from implementation.
- Bureaucracy giving way to resource allocation and service delivery.
- Privatisation of public services with the public sector as regulator; and transfer of central government functions to executive agencies.
- Competition, deregulation and privatisation, subjecting services to contractual procedures and obligations; the construction of markets of purchasers and providers.
- Increase in external audit, evaluation and regulation.
- Emphasis on resource management, demanding economy, efficiency and effectiveness and devolved financial management.
- Raised status and profile of management and a new internal managerial environment.
- Customer orientation, empowering clients and drawing them closely into the policy process; and a concern with quality and customer needs.

In ‘business-like’ terms, human resources are managed with an emphasis on performance and meeting the needs of users of the service. In the UK, reform has resulted in decentralised personnel management regimes. The aim is to move to flatter hierarchies and to working as a collective organisation rather than multiple professional structures. It is also aimed at recruiting to specific jobs rather than to the service, with managers being able to choose who works in their department. There is a move towards developing more flexible pay arrangements to enable recognition for personal responsibilities, to reward

performance and to retain high performers. There is an increasing use of atypical contracts which allow managers to cater for budgetary uncertainties. While there are moves towards determining pay and conditions locally to suit local circumstances, pay review bodies are used more extensively in order to control the level of expenditure on public sector pay.

Trosa and Lidbury (1996) in their review of HRM reforms in the UK conclude that 'perhaps the most significant human resource management lesson coming from the United Kingdom's experience with reform is the importance of focusing on unifying principles and values for the civil service in order to create a practical and cultural corporate identity to stem the policy fragmentation that might otherwise occur in system (sic) which promotes and rewards devolution and innovation' (p. 275). They suggest that despite the slow acceptance of new managerial freedoms for HRM, considerable progress has been made in a short time. Agencies now have much more flexibility in areas of salary, grading and classification, career opportunities have been opened up and career management is more flexible for staff and managers. Significant effort has been made throughout to define the skills and abilities needed to contribute to the strategic goals of the organisation. Case studies are provided of successes achieved in HRM reform in the Employment Service, HMSO and Land Registry.

Key issues for HRM reform are outlined by Trosa and Lidbury. Firstly, reforms involve a move from a highly centralised body of regulations and practices to devolution and decentralisation. Managing such reforms within the general expectation of equal treatment in HRM requires communication and openness with staff about the goals of broader public management reforms and the ways in which those reforms need to be underpinned by new HRM practices. This is seen as critical to widespread acceptance of reforms, for staff and unions to feel 'vested' in the process and reassure them of fair and equitable treatment.

Secondly, a new orientation to market-type approaches and competitiveness requires radical cultural changes. New skills are required for managers and HRM professionals to enable them balance differences within and between agencies and to keep all the elements 'within the framework of a larger corporate identity'. Trosa and Lidbury report that corporate identity becomes a significant issue because of the emphasis in reforms to 'adjusting the internal people management to meet the unique needs of the agency'. They emphasise the need for a shared vision and leadership values with an emphasis on a fair, equitable and ethical public service workplace.

Thirdly, the pace of change is an issue. Reforms of HRM have taken place more slowly than those in policy and financial areas and it is suggested that the incentives for managers to achieve reform are weighted towards financial and policy areas. In addition, many managers have more confidence and expertise in policy and finance areas than in HRM. While Trosa and Lidbury imply that the pace needs to be increased to avoid the 'change fatigue' experienced in other OECD countries, they also caution against pace that discourages staff and endangers 'productivity efforts demanded elsewhere'. At the time of reporting (1996) managers' reluctance to take on devolution for HRM issues was seen as an obstacle to reform.

#### ***A.4 New Zealand***

New Zealand has taken on many aspects of new managerialism from the UK. In particular, reforms are aimed at separating policy making and strategic control from implementation, and promoting efficiency through increased competition and performance objectives. Reform of government management is aimed at moving commercial activities from government into public corporations and privatising commercial companies which were in competitive markets. The emphasis in New Zealand has been largely on strengthening management. Based on government beliefs that the quality of the top management team was essential to achieving results, a new system for recruiting chief executives as 'transformational leaders' was introduced, using fixed-term contracts with the provision for dismissal on the basis of unsatisfactory performance (State Services Commission, 1996).

Like the UK approach to reform, the New Zealand model also seeks to decentralise and develop a flexible approach to HRM. Here the responsibility is put upon chief executives, as 'good employers', to put personnel management systems in place which emphasise equity, transparency and merit, with various rights of appeal. Centrally, the system of occupational ladders has been replaced with ranges of rates of pay. The system of automatic progression has been removed and departmental managers are allowed to introduce performance-related pay. Reforms are also aimed at developing new approaches to recruitment, remuneration, training and development which will raise the skills of people already in the service. New approaches to performance at departmental and individual level are also encouraged ( see Scott 1996).

New Zealand's programme of reforms started in 1986. Professor Allen Schick was commissioned by the State Services Commission and the Treasury in 1996 to review the progress of reforms. Schick's (1996) report concluded that the reforms had greatly improved the efficiency and quality of public services and that rather than scrapping reforms, the challenge for the state would be to extend reforms while dealing with some of the identified shortcomings.

The State Services Commission (SSC) (1997), focusing on HRM specifically, reported that there were issues to be resolved in human resource management. The findings of the SSC in its review of progress were that:

1. In terms of strategic HRM, departments and agencies still tended to focus on immediate rather than long-term needs. In general, HRM planning was not aligned with business planning, and in most areas there was a lack of sound and comprehensive information which is required for strategic HRM. One issue raised was that having a fixed-term contract for chief executives was not consistent with taking a long-term strategic view.
2. In terms of leadership, it reported that chief executives have a difficult role and could be better supported by the SSC in strategic HRM. This might require better resourcing of the SSC.
3. In terms of attracting and retaining a highly skilled workforce, it was reported that information systems currently do not provide adequate information on current skills and what are the likely gaps. Also there are difficulties not only in the attraction of new staff but, increasingly, with retention. Competition between the public service and the private sector for highly skilled people has increased as has competition for a scarce supply of policy analysts within the public sector. The image of the public service and the gap between private and public pay rates were reported as the key issues in attracting external recruits. Skills shortages were reported in areas of strategic and conceptual

thinking, analytical skills, economic and financial analytical skills, HRM, contract management, quality assurance, information technology, and operational management. The report also concluded that there was a limited supply of suitable candidates for chief executive positions, implying 'too little investment in senior management development'. In addition there was insufficient attention given to investment in human capital, and one key issue identified in the retention of staff was that there were dwindling resources to train and develop staff and no service-wide approach to developing staff.

4. In terms of becoming more flexible organisations, some departments had undergone reorganisation aligned to business needs. The need to upgrade information systems was highlighted, including those for the co-ordination of work within a sector. It was reported that management standards within departments were still very low and management development would need to be linked to required competencies and to 'enabling 'bottom-up' ideas and innovation'.
5. While the need for reforms geared towards flexible working practices was acknowledged, there were concerns about how well the different elements were working. Performance measurement was reported to be inadequate and systems were reported as constrained by limited flexibility in rewards. Difficulties were reported in employee relations and negotiations.

Based on its findings after a decade of public service reform, the SSC put forward a series of recommendations aimed (1) at strengthening its own role as a leader in the area of strategic HRM and (2) facilitating HRM to underpin the work of departments in supporting 'good government'. The recommended role of the CSC (Strategic HR Development Branch) would include stimulating and leading concept development and leadership on key issues; developing and disseminating good practice information and guidance; researching risks for human resource capability; facilitating HRM benchmarking; promulgating standards of excellence; and facilitating networking and information sharing. Other recommendations were aimed at promoting the image of the public service, making chief executives accountable for the performance of their departments, and to review funding for human resource investment.

The OECD from its survey in 1996 concluded that while no-one wanted to return to the pre-reform system, there were issues about decentralisation, both between the centre and agencies and within departments. There was tension between departments and agencies and the SSC, with the SSC seen as interfering and controlling. This raised issues about the appropriate role that such an organisation should play in a decentralised system, in particular the appropriateness of its responsibility for negotiating employment contracts and for ensuring that agencies adhere to government policy. Walsh (1996, p.197) suggests that the SSC's role is likely to become less directive but that it will still retain the role of 'acting in the wider collective interest of the government', to manage the performance of chief executives and to enforce 'good employer obligations' upon agencies. Within departments, the degree of devolution of responsibilities to line managers had caused problems because not all line managers were competent to take on their new roles. Walsh suggests that effective support for line managers and appropriate training 'will be of central importance in the near future, especially if the current low levels of employee morale are to be addressed'.

#### ***A.5 Australia***

The Australian administration has been criticised as ‘centralised’, ‘rule-bound’, ‘slow’ and ‘expensive’ (Reith, 1997). Like New Zealand, the Australian framework for reform sets out to strengthen management through the introduction of short-term appointments, giving departmental heads more responsibility for financial and management decisions, and has established a senior executive service in some departments. Reforms are proposed to devolve management responsibilities to individual agencies in order to promote high performance and accountability for public services. The proposals set out in the *Public Service Bill* and in government administrative reforms proposed in 1998 give agencies their own employment powers and the flexibility to develop policies that reflect the needs of the service. The reforms aim to create flexible workplaces; and to give agencies incentives to become model employers.

The reforms also aim for an effective balance between devolution to agencies and service-wide cohesion. Although pay and conditions are agreed locally between agencies and employees, the rights of employees are protected by the *Workplace Relations Act 1996* under the direction of the Public Services Commissioner. Secretaries are responsible to ensure that the workplace remains free of discrimination and political interference. Accountability is reinforced by a new set of APS (Australian Public Service) Values and the APS Code of Conduct. The State of the Service Report (1998) states that these reforms have resulted in a reduction in central control and prescription, greater flexibility for agency heads to match human resources to their particular business needs and the achievement of government outcomes. The report suggests that increased accountability has progressed the move to a highly performing, professional public service. The State of the Services Report also states that there has been a change in management philosophy with an increased emphasis on outcomes.

The Public Service Bill 1998 proposes to remove the distinction in rights between part-time and full-time employment. One novel feature of the Australian system is that the Public Service Commissioner retains the power to compulsorily transfer employees where there is an excess of staffing and to give effect to the machinery of government changes. The State of the Service Report (1998) identifies seven key priority areas for attention in the next few years. These include:

- building the skills and knowledge needed to respond to the changing environment;
- achieving results by using increased flexibilities to improve the focus on outcomes;
- managing and rewarding performance through fully integrated performance management systems;
- upgrading client service through innovative ways of improving service delivery;
- creating a supportive and motivating workplace environment which helps all staff to develop to their full potential;
- continuing to support the traditional ethos of the APS and maintaining the highest professional and ethical standards while encouraging responsiveness to change; and
- developing leadership of the highest order that will take the APS into the next century.

#### ***A.6 Finland***

Underway for over a decade now, and set within a context of public expenditure control, the Finnish reforms have been evaluated as both positive and deliberate in character (PUMA 1998). Some criticism has been expressed, however, because the reforms have been implemented rather cautiously using a step-by-step approach. The key foci in reform

in Finland are performance management, decentralisation and greater autonomy in personnel management. The aims of reform include making the administration more efficient and more service-oriented, with performance management seen as the tool to establish organisational and cultural change in the public sector. The State Personnel Policy Programme (SPPP) is a long-term programme drawn up jointly with unions and representatives, mostly from state agencies. It contains strategic guidelines aimed at developing a competitive public service which is just and responsible, efficient and effective. The SPPP has several strands, relating to role competencies, results-oriented human resource management, staffing, performance management and leadership, mobility, and the selection of top officials.

#### ***A.7 Concluding remarks***

The key themes emerging in the international literature, in terms of reform of HRM, are the need for:

- strategic planning to meet current and future needs of the service;
- strengthening management;
- devolution of responsibility and accountability for recruitment and personnel management;
- partnership and collaborative working;
- putting in place responsive/flexible systems;
- the introduction/development of performance management;
- the promotion of new ways of working.

These themes are very similar to those proposed in Ireland (see Part Three). As previously outlined, Irish reforms are aimed mainly at strengthening management, particularly in terms of strategic capacity and policy co-ordination; developing a results-driven approach, with a particular emphasis on efficiency and effectiveness, and performance management; reducing bureaucracy and putting better systems in place; developing a customer focus; and devolution of responsibility and accountability. Having established the key issues to be addressed by public service managers in taking forward the HR agenda of public service reform programmes in both Ireland and other countries, the fieldwork helps to establish how these issues are currently addressed and/or perceived within the Irish context by HR practitioners (see Part Five).

**Notes:**

1. To assist in addressing this challenge, the Civil Service and Local Appointments Commissioners have commissioned expert studies on the recruitment and retention of staff, as well as the image of the civil service.
2. The Local Appointments Commission (LAC) is responsible for recruitment in local administration. In local authorities, most employees are recruited as clerical officers, through open competition. Open competition above this level is reserved for vacancies at assistant county manager or county manager levels, which are the most senior grades. The grades in between are filled through internal competition and promotion.
3. Department of the Taoiseach, Department of Finance, the CSLAC, and for the local government and health sectors, the Department of Environment and Local Government and the Department of Health and Children.

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