Human Resource Management and Development

Unit 1 Strategic HRM for the Public Sector

Contents

Unit Overview

Unit 1 is an introduction to the study and practice of human resource management (HRM) in the public sector. The unit's aims are to present an overview of HRM, and present and critique some of the current debates in HRM. You will consider the importance of understanding the context in which HRM is practised, which is the basis for an appreciation of strategic HRM. The emphasis on strategic HRM in this module is based on the connection between how organisations achieve their goals through the use of HR policies and practices. Governments have started to make this connection. Therefore, you will be introduced to one of the main theoretical models of strategic HRM before considering its applicability to public sector organisations. This unit thus provides the basis for considering the strategic implications of the functional aspects of HRM in the units to come.

Learning outcomes

When you have completed this unit and its readings, you will be able to:

- discuss the basic principles of HRM, both as an academic subject of study and as an area of managerial practice
- explain how organisational context shapes the practice of HRM
- assess the relationship between organisational strategy and HRM, using a theoretical model
- assess the impact of public sector reform on HRM.

📖 Reading for Unit 1

Catherine Bailey, David Mankin, Clare Kelliher and Thomas Garavan (2018) *Strategic Human Resource Management*. 2nd Edition. Oxford UK: Oxford University Press. Part 1 'The context of SHRM' Chapters 1–3, and Chapter 4 'The strategic role of the human resource function', 6 'The foundations of strategic human resource management' and Chapter 7 'Resource-based and institutional perspectives on strategic human resource management'.

Richard Common (2011) 'International trends in HRM in the public sector: Reform attempts in the Republic of Georgia'. *International Journal of Public Sector Management*, 24 (5), 421–34.

Mary Anne Devanna, Charles Fombrun and Noel Tichy (1984) 'A framework for strategic human resource management'. In: C Fombrun, N Tichy and MA Devanna (Eds.) *Strategic Human Resource Management*. New York: John Wiley and Sons.

Patricia W Ingraham and Nadia Rubaii-Barrett (2016) 'Human resource management as a core dimension of public administration'. In: JCN Raadschelders and RJ Stillman II (Eds.) *Foundations of Public Administration*. Irvine CA: Melvin & Leigh.

1.1 Introduction to HRM

This unit introduces the main building blocks of the module. It begins with an overview of the main activities of HRM and how these link to the rest of the units in the module. We then consider the importance of context, which is crucial in assessing the applicability of HRM to any given organisation before turning to the concept of strategic HRM. Here, a model is presented that forms a basis for the analysis in the rest of the units on the module. Finally, we consider briefly how 'strategic' HRM can be in the public sector. Before going any further, we ask you to turn to the module key text.

📖 Reading 1.1

The key text provides an introduction to the study of strategic HRM. As this first unit provides much of the theoretical basis for the rest of the module, there does seem to be a lot of reading to begin with! So, before going any further, please read Part 1 of Bailey *et al* (pp. 3–63).

Bailey *et al* (2018) Part 1 'The context of strategic human resource management' in *Strategic Human Resource Management*. pp. 3–63.

📖 Reading 1.2

Please study Chapter 4 of the key text by Bailey *et al* (2018) now (pp. 67–92).

Bailey *et al* (2018) Chapter 4 'The strategic role of the human resource function' in *Strategic Human Resource Management*. pp. 67–92.

We realise there is a lot of reading from the key text to begin with, but it will help to get you familiar with strategic HRM. However, before we go any further, we need to define HRM – if we should try to define HRM at all. Below in the unit, the main activities of HRM are outlined, taking a functional perspective of what HRM 'is', and Section 4.3 of Bailey *et al* also takes this perspective to provide a series of models (or typologies) of the role of HR in an organisation. As the Bailey *et al* note in their chapter summary: 'despite the exhortation to move to a more strategic role […] HR has not become more strategic, that administrative work continues to dominate' (p. 75), and possibly more so in the public sector. The reasons for this will be discussed later.

You may also want to look at Table 4.1 to see how the role of HR is played out in your own organisation. Without pre-empting your answer, it is likely that for most public sector organisations your response will be somewhere between 'the clerk of works' and 'functional expert' or possibly 'administrative expert'. Most organisations regard HR as a staff function belonging to a particular department (variously labelled 'establishments', 'personnel', *etc* or more recently 'HR'). As a consequence, Bailey *et al* extend the simplistic definition of HRM as 'managing people' to strategic HRM by suggesting that 'it is a holistic approach to managing people geared towards helping achieve organizational objectives' (p. 133). We will come back to the concept of strategic HRM later in the unit.

✎ Your notes on the reading should include your own vision of the nature of HRM, and how your own organisation or experience has dealt with human resources.

1.2 The Activities of HRM

Although HRM is a contested field of study, which sometimes appears to be overcrowded with theories, models and concepts (especially when you first read the text book), there is a basic agreement on the main activities of HRM.

Most writers assume HRM consists of a set of core activities – which also provide the structure of the module:

- recruitment and selection
- performance management
- training and development
- employee relations
- pay management.

We discuss each of these below.

Recruitment and Selection (or 'Resourcing' – the subject of Unit 2)

This is the activity of HRM we all can relate to. Once an organisation has identified which jobs require filling, then it can proceed to recruit staff. Recruitment is about attracting candidates to apply for its jobs; selection is about finding the best person for the job or jobs from among the candidates it has attracted. Recruitment and selection refers to a set of techniques that are used to recruit and select staff to carry out the jobs that the organisation has identified.

Performance Management and Appraisal (the basis for Unit 3)

Once the best person for the job begins work, most organisations will wish to monitor their performance and to develop them as employees. Prior to the advent of HRM, this was done on a day-to-day basis, with the informal help of line managers. Now, many public sector organisations take a systematic approach to the management of individual performance including formal annual reviews, often known as 'performance appraisals'. In some ways, this is similar to the civil service 'annual confidential report', but the key difference is that it is related to the overall strategy of the organisation. So, a key activity of HRM is linking individual performance to organisational performance.

Training and Development (the basis for Unit 4)

Although staff develop their skills 'on the job', organisations provide additional formal learning opportunities. These may vary enormously and as you will discover, there is a distinction between training and development. With the latter, there is recognition in HRM that staff need to develop new skills and competencies that not only meet their own needs, but those of the organisation.

Employee Relations (Unit 5)

Employee relations deal with the management of the relationship between the organisations and the staff as a whole. In many countries, and particularly in the public sector, staff are represented by a trade union or unions. However, employee relations goes beyond managing relationships with unions; managers still need to decide on aspects such as communication and the extent to which staff can participate in the management of the organisation.

Pay Management (or 'Reward' – Unit 6)

Deciding how much and in what way staff should be paid is a major part of HRM. It is probably the issue, along with recruitment and selection, that has the highest salience for employees. Pay decisions are often based on performance but, as you will see, this is a highly contentious area for public sector organisations.

There are several other activities that do not fit neatly into the module scheme, but will be mentioned from time to time. Although they are not examined in the module key text in any detail, it is worth being aware of them:

- human resource planning
- job analysis
- employment reform.

Human Resource Planning (HRP)

HRP is a technical exercise to plan the staffing of an organisation. Usually related to large organisations, particularly in the public sector, it is used to forecast staffing needs. Changes to public policy will also trigger HRP, for instance, if a government decides it needs to deploy more police officers or qualified nurses, *etc*. Even where public policy is stable, ongoing estimates are still required as circumstances change – such as predicting if large numbers are due for retirement.

Job Analysis

Job analysis often accompanies HRP and is carried out at the level of the job or a 'family' of jobs. Job analysis also refers to a set of techniques used to determine job content (the outcome of which is the job description) and the knowledge and competences (skills and abilities) required to undertake the job (the person specification).

Employment Reform

The public sector is under severe fiscal pressure in most developed Western countries (particularly Europe), which is also felt in developing countries where budgetary pressures are brought to bear on World Bank or IMF sponsored structural adjustment programmes. Transitional, or post-communist states, have also sought to reduce the size of their public sectors. As a result, organisations have to retrench serving employees. Clearly, there is a HR aspect to managing this form of employment reform. Popularly known as 'downsizing', it receives scant attention in the mainstream HRM literature, including the key text (where on page 279 it is noted that the HR role here 'is to manage the process legally and fairly and to minimize the impact on the remaining workforce').

1.3   The Context of HRM

This section is based on Chapter 2 of the module key text.

📖 Reading 1.3

If you haven't already done so, please read Chapter 2 'The changing context for strategic human resource management' in Bailey *et al* (2018) now (pp. 22–43).

✎ Your notes should clarify the main issues raised.

Studying HRM in context has two aspects:

- the contrast between what textbooks say should happen in an ideal world (*prescription*) and what actually happens in the real world (*description*)
- the contrast between the view that organisations in different countries are essentially similar, or at least that they are becoming more alike (*convergence* – or the process of 'institutional isomorphism', which you studied in the first module of PPM) and the view that organisations in different countries are different, and possibly getting more different with time (*divergence*).

There is a huge market for textbooks on HRM but the question remains: how can we apply 'good practice' models in contexts very different from commercial organisations operating in the United States from where much of the literature derives? To what extent can it be applied in the public sector of non-Western countries?

📖 Reading 1.4

Please turn now to your module readings and study the article by Richard Common.

This reading reveals the complexities and challenges presented by adapting HRM practices and prescriptions from overseas agents in a country experiencing rapid political and social change. An aim of the article is to explore the limits of HRM when applied to government organisations. There are some themes that appear in the article that may recur. Section 2 refers to convergence and divergence. The concept of convergence considers that due to globalising pressures, the result will be greater organisational similarity as business and government respond to similar challenges and economic pressures. The counter argument is that globalisation in fact results in greater divergence between nation states, where cultures are reasserted. The article also considers the importance of understanding context and how public sector reform has impacted on HRM, which we discuss further on in this unit.

✎ Exercise 1.1

Once you have read the article, and made notes on the main issues, write your answers to the following:

1. What motivated the Georgian government to introduce HRM into its public service?
2. What prevented HRM from taking hold in the Georgian government?
3. Why was the political culture important when understanding the context of change in Georgia?
4. Can you find any similarities between your own experience and the Georgian case?

Notes on these questions are provided, but please answer them on your own before looking at our notes.

The various perspectives that shape the debate about HRM in particular and management in general are for the most part specific to Western liberal market democracies. As we emphasise in the module as a whole, any organisation must be contextualised within its national setting. Even within national settings, context varies strongly. We pay a lot of attention to the cultural environment in this module. Dowling and Welch (2004: p. 13) provide a strong justification for this:

> Because international business involves the interaction and movement of people across national boundaries, an appreciation of cultural differences and when these differences are important is essential.

This statement applies equally to public administration, which has become more internationalised since the last century through processes such as policy learning (also explored in your first module on PPM).

1.3.1 The cultural context

National culture cannot be ignored, for it is regarded as a major determinant of work attitudes. Hofstede (1980: p. 25) defines culture as 'the interactive aggregate of common characteristics that influence a human group's response to its environment'. The work of Hofstede has also questioned the assertion that the applicability of management theory and concepts derived from the US can be applied across different national cultures.

The term *culture* is usually applied to societies, but it can also be applied to organisations located within particular societies. Culture can be used as an explanatory variable in management studies as it causes differences and affects the 'transferability of management and organizational practices' (Lachman *et al*, 1994: p. 40). However, culture may be uneven in its effects and often involves religious or ideological elements. For example, China's civil service is often described as an example of Asian Communist/Confucian administration. Islamic principles are invoked in Malaysian public administration, which has attracted the attention of Saudi administrators who prefer to learn from a country with which it has a cultural affinity rather than the West.

Without an appreciation of national culture, HR theory and practices adopted from outside the national setting of the organisation may be inappropriate to local needs and circumstances. As Lachman and his colleagues argue:

> 'imported' practices may fail, or be ineffectively implemented, if they are inconsistent with the core values of local settings.

For instance, the core value of individualism in the US, which is implicit in managerial prescriptions, conflicts with the notion of collectivism, which is prevalent in East Asia. Hickson and Pugh (1995) examined Asian manage-

ment culture and found much of it differs sharply with Western management theory. In particular, the stress on 'managing relationships in a harmonious manner' and 'managing authority firmly from the top' conflicts with the ideals of devolved management, 'freedom to manage' and 'brainstorming sessions', for instance, that one finds in western textbooks. It is clear that HRM is required to be sensitive to cultural differences within and between countries and regions. Schuler and Tarique (2007: p. 724) thus argue that HR practice needs to be developed which is appropriate for an organisation's context, including culture.

1.3.2 The institutional context

The institutional context is equally important as that of culture, although some writers do not distinguish between culture and institutions on the basis that both shape each other. However, institutions do exert a formal influence over HRM practices, both domestically and internationally. First of all, what do we mean by institution?

On the one hand, institutions reflect the values of a society and exist in its systems of governance, such as a national parliament. For instance, a recurring theme in HRM is equalities and, very often, equal opportunity legislation is the product of public policy. On the other hand, institutions may also exist to promote ideas or procedures that specifically influence HR practice, such as the UK's Chartered Institute for Personnel and Development (CIPD). There are many studies that detail the importance of both the institutional and cultural context for HR practice. For example, Namazie and Frame (2007) examined HRM in Iran and emphasise the importance of political change and the role of culture in determining the direction of HRM within that country. By taking an institutional perspective, we can assume a divergence between HRM practices in different countries.

📖 **Reading 1.5**

Now turn to 7.5.1 (in Chapter 7, 'Resource-based and institutional perspectives on strategic human resource management') of Bailey *et al*, pages 146–48.

You will see that in the institutional perspective on HRM, the work of DiMaggio and Powell (1983) is revisited from the first module on PPM, *Public Policy and Management: Perspectives and Issues*. The point here is that Bailey *et al* draw upon the work of Oliver (1997) to suggest that management practices reflect the rules, norms and structures prevalent within the society in which organisations are located, but these in turn can be subjected to the mechanisms identified by DiMaggio and Powell towards greater similarity or isomorphism.

Finally, the study of HRM within international organisations is a distinct field. International HRM is concerned with HR systems used by international organisations such as the IMF and the World Bank, while in the private sector it is concerned with Multi-National Corporations (MNCs). However, public management systems in individual countries also respond to external

forces, such as the globalisation of the world economy and the need to accommodate the prescriptions of international organisations. The fact that organisations respond to their environments, either willingly or as a result of pressures, brings us to the concept of strategic HRM.

1.4   Strategic HRM

You should begin this section by studying again from the key text.

> 📖 **Reading 1.6**
>
> Please read Chapter 6 'The foundations of strategic human resource management' of the key text by Bailey *et al.*
>
> ✍ Make sure your notes on the reading clarify the models presented in the chapter.

1.4.1   Introduction

As you will have seen from this chapter of Bailey *et al* (2018), it is difficult to disaggregate HRM from organisational strategy. If an organisation provides new services, or new products, then it must ensure it has the staff with the right skills, competencies and attitudes to be able to deliver them. It may need to recruit more people, or if it is unable to do that, it may need to retrain and develop existing staff to meet the new challenges. So, if an organisation acts strategically, in response to changes in its environment, HRM is a key part of that strategy. Thus, the field of strategic HRM has grown enormously over the last 40 years or so. Chapter 6 covers an array of key models that are influential in the field and presents them under two broad sets of approaches: the *universalist* approach and the *contingency* approach.

The universalist approach argues that as long as organisations implement 'best practice', such as Pfeffer's (2005), organisations will be successful. The 'best practice' approach has intuitive appeal – it provides managers with a guide as to how HRM *should* be implemented in their organisation. In short, it is a normative approach. On the other hand, contingency approaches suggest that rather than thinking of 'best practice' in HRM, there should be 'best fit' – in that HRM practice varies with the contingencies of the organisation.

One of the most well-known approaches is that of Devanna *et al* (1984). As this module is part of the PPM degree, a caveat for considering such a model is that it was developed in a specific country (the United States) and in a specific context (increasing private sector competition). So, quite rightly, we must wonder how applicable such a model might be to a government agency operating in Asia or Africa, for instance. We return to this question later.

The analysis of Devanna and her colleagues takes the HRM activities identified at the beginning of the unit as a starting point. Although these authors are not concerned with their content, which they take for granted, it is the relationship between them that is considered. Their concern is with the way

they are linked together (*horizontal integration*) and, moreover, with the way they are linked to the overall management of the organisation (*vertical integration*). Their argument is that the practice of those activities should be strategic, by which they mean that it should be linked to the organisation's strategy. Research shows that successful organisations should articulate their human resource philosophy in the context of their overall philosophy, as revealed in mission statements, *etc*.

Devanna *et al* also use the notion of the human resource cycle to make the link between the strategy of the organisation and how the staff within it are managed. Their argument is that *performance* (which you will study in Unit 3), whether of individuals or groups, is shaped by *selection* (people who are best able to perform the jobs), by *appraisal* (to facilitate the equitable distribution of rewards) motivating employees by linking *rewards* to high levels of performance, and by developing employees to enhance their performance now and in the future (Devanna *et al*, 1984: p. 41). Each of these aspects will be covered in detail in the units that follow. Now turn to your reading.

📖 **Reading 1.7**

Please now study the chapter by Devanna *et al* in Fombrun *et al*'s path-breaking book from 1984. This book introduced the 'Michigan model' (see page 85 of Bailey *et al* for a fuller explanation), which paved the way for strategic HRM, and became known as the 'matching model', based on the notion that HR systems and organisational structure should be congruent with strategy. The model also presented four generic functions of all organisations. These are:

- *selection* – matching available human resources to jobs
- *appraisal* – performance management
- *rewards* – which take into account future achievements
- *development* – developing high-quality employees.

> Devanna *et al* (1984) 'A framework for strategic human resource management'. *Strategic Human Resource Management.*

✍ **Exercise 1.2**

After reading this chapter, your notes should enable you to answer the following questions:

1. What are the features of 'strategic' human resource management in Devanna's model?
2. What is meant by the notion of the human resource cycle?
3. How would taking a strategic HRM approach affect the practice of selection?

Notes on these questions are provided, but please answer them on your own before looking at our notes.

1.4.2 **The SHRM model: vertical integration**

The central concept in Devanna *et al*'s model is that of *strategic integration*. Strategic integration has two aspects; the first is *vertical* integration, which is visually represented below in Figure 1.1.

Figure 1.1   Vertical Integration in the HRM model

You should recall from the reading the examples that Devanna *et al* give of how selection and the other activities in what they call the 'human resource cycle', can be strategic. You will notice in the figure above that the link between individual activities and the organisation's overall strategy is its human resource strategy. In other words, organisational strategy is converted into a human resource strategy, and the latter is again converted into the different human resource activities, which are the practical manifestation of strategic HRM.

1.4.3   The SHRM model: horizontal integration

However, there is a second type of integration which remains implicit in Devanna *et al*'s work, that of *horizontal integration*. (It is sometimes known as 'horizontal fit' or 'bundling' in the literature.) While vertical integration refers to links between the HR activities and the organisation's strategy, horizontal integration refers to links between the HR activities themselves, and to the fact that the conduct of one HR task may influence the conduct of another. So, for instance, the conduct of selection may influence the conduct of rewards, and vice versa. Again, Figure 1.2 should make it clear why the term 'horizontal integration' is used.

Figure 1.2   Strategic Human Resources Management model: horizontal integration
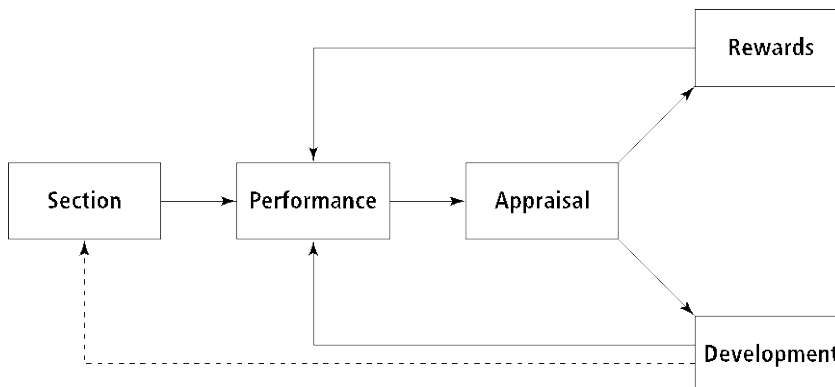
Let us now look at how this concept applies to one of the activities identified above, job analysis, which influences or is influenced by the other activities of HRM.

Job analysis and recruitment and selection

Job content as identified through job analysis is the basis for advertising the job to prospective applicants, attracting those who are eligible and deterring those who are not. The abilities that the jobholder will require, also identified through job analysis, form the basis for decisions about which

candidates to invite to the final selection stage, about the design of the final selection stage, and the ultimate decision about which candidate to appoint.

Job analysis and performance management and appraisal

The duties of the job as identified through job analysis are often used to generate objectives for managing performance, and to provide an agenda for the annual appraisal interview.

Job analysis and training and development

One way of identifying training and development needs is through comparing the abilities that the job requires and the abilities of the jobholder – the difference between the two is sometimes called the 'performance gap'.

Job analysis and employee relations

Job analysis can lessen damaging conflict that might otherwise occur between unions, or employees' representatives, and managers as the representatives of the employer. It is possible to have an agreement on an approach to job analysis so that the results will be accepted as impartial by both managers and unions. Greater employee involvement and participation in relation to job analysis can also improve employee relations.

Job analysis and pay management

Judgements about how much to pay an employee are usually made, at least partly, in relation to the level of responsibility that the job requires, as stated in the job content. Job evaluation, one of the most important techniques for making pay decisions, can only operate based on reliable job analysis data.

Job analysis and human resource planning (HRP)

HRP identifies broad staffing needs at the level of the organisation. Job analysis translates them into the content of individual jobs and the abilities that jobholders will need to do them. So, if HRP has identified the need for better financial skills, for instance, job analysis will identify the content of finance jobs, whether the jobs are those of accountants, finance managers or pay clerks.

Job analysis and employment reform

Governments that have tried to reduce the number of public sector jobs have used job analysis data to help them identify where there is scope for reduction. For instance, comparing the content of jobs in two different ministries may reveal that there is duplication, with the same function being carried out in both, thus offering scope for reduction.

1.4.4 Other models of strategic HRM

Of course, Devanna *et al*'s model of strategic HRM is one among many models that have emerged since the 1980s and fall into the category of 'contingency models'. Although you will have seen that Chapter 6 of Bailey *et al* provides a detailed discussion of these models, contingency models (or 'best-fit' approaches) 'are premised on the notion that the way in which

people are managed in organizations will vary according to circumstances' (Bailey *et al*, 2018: p. 127). Linking back to the importance of context above, despite the criticisms levelled at such models in Chapter 6, they appear to be more appropriate and adaptable to public sector organisations in a variety of cultural and institutional settings.

Compare this to the universalist approaches, which are based on the assumption 'there is "one best way" of managing people in order to enhance organizational performance' (p. 90). In Section 5.4.1, the authors reproduce Pfeffer's best-practice approach, a list consisting of 13 prescriptions. Universalists believe that these elements can be applied anywhere, regardless of context.

✎ Exercise 1.3

It is worth pausing at this point and thinking how applicable these 'best practices' are to your organisation and what prevents their implementation.

You will find this kind of comparison being asked of you throughout the module, and you might find it useful to compare your answers when you have finished the final unit.

1.5   Strategic HRM in the Public Sector

In line with much of the academic literature, Bailey and her colleagues have very little to say on strategic HRM in the public sector. However, a literature on HRM exists which has embraced strategic HRM in the public sector but, again, it is limited to the United States and a handful of other developed countries. Other limitations on HRM in the public sector include financial costs, which may provoke negative reactions from politicians and voters, misunderstandings on the part of managers, lack of flexibility in relation to organisational change and lack of professional skills and knowledge amongst HR professionals. In addition, the reality of managing in a political environment means that strategic thinking is out of the hands of managers, as priorities quickly change in response to sudden political and budgetary priorities (Pynes, 2009). These themes recur throughout the module.

However, having introduced a model of strategic HRM and having placed some value on it, what happens when it is applied in a different context from where it was derived, such as the public sector? The 'Michigan' model of Devanna *et al* was influenced by strategic management in that HRM follows organisational strategy and thus appears to fit the conditions of the public sector better than a private firm (Price, 2004: p. 46). As a result, the model reflects the situation of public management, which is often constrained by its context and lacks much of the freedom assumed to exist in the private sector. In short, it takes a top-down approach while recognising the influence of economic, political and cultural forces.

As you saw earlier, we also have to consider whether any management model is going to be 'appropriate' in a particular context. One immediate problem when we apply strategic HRM to the public sector is that reward

systems (both monetary and non-monetary) often lack flexibility (as you will see in Unit 6, on reward). Training and development may also suffer from similarly limited resources. However, Pynes (2009: p. 39) considers how the US Office of Personnel Management devised a five-step model based on the kind of strategic HRM promoted by Devanna *et al.*

- *Step 1: Strategic direction*. This involves linking the workforce planning process with the agency's strategic plan, annual performance and business plan, and the work activities required to carry out long- and short-term goals and objectives.
- *Step 2: Analyse the workforce, identify skills gaps, and conduct workforce analysis*. This involves determining what the current workforce resources are and how they will evolve through turnover; developing specifications for the kinds, numbers, and locations of workers and managers needed to accomplish the agency's strategic requirements; and determining what gaps exist between the current and projected workforce needs.
- *Step 3: Develop an action plan.* This involves the identification of strategies to close gaps, plans to implement the strategies, and measures for assessing strategic progress. These strategies could include recruiting, training and retraining, restructuring organisations, contracting out, succession planning and technological upgrades.
- *Step 4: Implement the action plan.* This involves ensuring that human and fiscal resources are in place; roles are understood; and the necessary communication, marketing, and coordination are occurring to execute the plan and achieve the strategic objectives.
- *Step 5: Monitor, evaluate and revise*. This involves monitoring progress against milestones, assessing for continuous improvements, and adjusting the plan to make course corrections and address new issues.

These five steps are fairly unremarkable on their own, but the general point is that strategic HRM is now fairly well engrained in the US Federal Government and elsewhere, including the UK National Health Service.

In relation to development management, strategic HRM is linked to capacity building (explored further in Unit 4). As Farazmand (2004: p. 6) explains, this link refers 'to building and enhancing a cadre of highly qualified, highly able, and highly motivated human resources at all levels of government'. Farazmand also itemises the key strategic areas for development in HRM based on an assessment of the public service of Iran. Below are some selected items:

- *E-governance and E-HRM* – to 'enable public organizations to provide public service information' (including HR) and to help governments communicate more effectively with their citizens (p. 11).
- *Strategic positions and leadership personnel* – 'preparing and promoting exceptionally skilled and knowledgeable personnel for leadership and managerial…functions of government organizations' (p. 12).
- *Strategic motivation* – 'to develop strategic HRM requires stepping beyond the traditional methods and approaches (of motivation), i.e.

'creation and instilment of a "real purpose" of "public service" among strategic personnel' (p. 13).

While public sector reform in general has required a change in the management of human resources in the public sector, there are criticisms around the potential harm to public services. This is the largely the result of public sector organisations being expected to behave like their private sector counterparts. These are itemised by Hughes (2012: pp. 245-48):

- *Reducing conditions of service* – similarity to private sector employment may demotivate public managers in the long run. The present economic climate has seen a range of Western governments also proposing changes to public service pensions, conditions of service and dismantling national pay agreements.

- *Performance management systems* – the use of formal appraisal systems (see Unit 3) has brought management control into the public service although it is often difficult to quantify the work of a civil servant, doctor or police officer. This has created a double-bind whereby public managers have been given more 'freedom' by waves of reform but are subject to greater controls in terms of achieving results.

- *Performance pay* (see Unit 6) – has tended to be unsuccessful due to the rigidity of organisational hierarchies, perceived unfairness and the relatively small amount of extra reward on offer.

- *Problems of morale* – public sector employment was arguably a 'valuable and valued profession, and one with substantial prestige' in many countries. Attacks on the legitimacy of public administration, beginning in the West from the early 1980s, have contributed to poor morale in many parts of the public service.

Hughes (2012: p. 248) adds that HRM has generally helped to improve the competence of the public sector, and jobs themselves tend to be more challenging and thus rewarding. In sum, HRM has helped to professionalise public service.

📖 Reading 1.8

Please now study the article by Ingraham and Rubaii-Barrett (2016) on HRM as a core dimension of public administration.

The authors of this article emphasise the importance of HRM in a public service setting as well as providing a service with their select readings. However, if you take a critical perspective, the article is US-centric and as you read it, you will inevitably make comparisons with your own experience, as you did with the reading by Common.

Ingraham & Rubaii-Barrett (2016) 'Human resource management as a core dimension of public administration' in *Foundations of Public Administration*.

✍ Exercise 1.4

After reading and taking notes on the article, write your own answers on the following:

1. Are the factors the authors identify as barriers to HRM universally applicable?
2. The authors suggest there are three priorities for HR practitioners in the public service: strategic HRM, managing modern merit, and flexibility and responsiveness to change. Can these priorities be realised?

3. Another recurring theme on this module will be competencies. The authors identify two, communication and accountability. Can you think of any others?

Notes on these questions are provided, but please answer them on your own before looking at our notes.

1.6   Conclusion

HRM has a relatively recent history as a discreet subject within the wider portfolio of management studies. Its lineage can be traced back to personnel administration, and the two terms are still used interchangeably. One interpretation is to consider HRM from a functional perspective, which is what this module will do in the forthcoming units.

In this brief introduction, the importance of context was highlighted – all organisations manage within a particular context primarily defined by institutional arrangements and the cultural characteristics within which they are embedded. Understanding the organisational environment is at the core of strategic thinking, and you were also introduced to one of the theoretical models of strategic HRM, the 'Michigan' model of Devanna *et al*. Although associated with 'hard' HRM, 'with the focus on people as resources to be deployed to maximise performance' (Bailey *et al*, 2018: p. 118), it provides a realistic view of public sector organisations. While the model is not promoted as an ideal type or as prescription for HR problems, it serves as a reference point when introducing the functional areas of HRM in the forthcoming units.

Finally, this unit considered the impact of public sector reform on HRM. As the following units reveal, the public sector presents particular challenges to the application of HRM, irrespective of economic or geographic location.

In this unit, you have been introduced to:

- the field of HRM, both as an academic subject of study and as an area of managerial practice
- an examination of how the organisational context shapes the practice of HRM, primarily through its cultural and institutional features
- the relationship between organisational strategy and HRM using a theoretical model – in this case, the 'Michigan' model of Devanna *et al*
- the impact of public sector reform on HRM.

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Appendix 1.1: Notes on Exercises

✍ Exercise 1.1

Common R (2011) 'International trends in HRM in the public sector: Reform attempts in the Republic of Georgia'. *International Journal of Public Sector Management*, **24 (5), 421–34.**

1. What motivated the Georgian government to introduce HRM into its public service?
   The motivation to introduce HRM into the public sector in any country is complex. The internationalisation of public management approaches (such as HRM), the demands of globalisation, the desire for efficiency, greater effectiveness, *etc* are often cited. In this case, Georgia was exposed to international organisations and consultants that attempted to implement HRM policies and processes into the government system. One particular motivation in line with post-communist states is that HRM is viewed as a way of ensuring public management acts independently of politicised elites and excessive centralisation. In addition, on page 428, it is noted that HRM offers the potential to avoid 'bureaucratic ills' such as corruption.

2. What prevented HRM from taking hold in the Georgian government?
   The subsection entitled 'Explaining the lack of progress in HR reform' provides the answer, but what is clear that HRM was not able to address the problems that had been identified in the Georgian government. Of course, HRM did make a difference to management in the government, but not a substantial one.

3. Why was the political culture important when understanding the context of change in Georgia?
   Context explains the success, or otherwise, of HRM in a particular country's system of public administration. National or societal culture, in the case of Georgia, was less important than the persistence of strong political institutions. The report by GIPA, cited on p.430, summarises this very well. In addition, there was a lack of strategic direction from the government.

4. Can you find any similarities between your own experience and the Georgian case?
   Developed countries, such as the UK, continue to experience similar problems to that of Georgia. Centralised public service systems find it difficult to find the flexibility that is prescribed by strategic HRM. In developing countries, where there are high degrees of politicisation in public services, along with corruption and a lack of transparency, HRM becomes more difficult to implement. Only you can decide on the similarities, or differences, with the experience of Georgia.

✍ Exercise 1.2

Devanna M, C Fombrun and N Tichy (1984) 'A framework for strategic human resource management'. In: Fombrun, Tichy and Devanna (Eds.) *Strategic Human Resource Management*.

1. What are the features of 'strategic' human resource management?
   Human resource management should be brought in line with the overall strategic management of the organisation. In the first instance, the organisation should articulate a human resource philosophy. This might indicate the extent to which the organisation prefers to 'promote from within' rather than recruit from outside, or it might indicate the extent to which the organisation prefers to emphasise the individual or the group as the unit of production (these are two of the four examples given by these authors). In the second instance, it means ensuring that the individual human resource elements are also aligned with the organisation's overall strategy.

2. What is meant by the notion of the human resource cycle?

   What Devanna and her colleagues mean by this is presented in visual form in Figure 2. The figure is based on the idea of a *sequence* of managerial tasks that are interrelated. The relationships are suggested by the figure, but not developed.

3. How would taking a strategic HRM approach affect the practice of selection?

   Let's take selection as an example of one of the main Human Resource activities that will be affected by taking a strategic approach. The same considerations apply to the other main activities that Devanna *et al.* discuss: performance, appraisal, rewards and development. The authors identify three strategic concerns:

    i) designing a selection system that matches the organisation's strategy
    ii) monitoring the internal flow of personnel to match emerging business strategies
    iii) matching key executives to business strategies.

   They illustrate each of the concerns with examples from American companies. In the case of the first concern, to take one example, the authors show how an oil company's strategy of diversification (moving into new areas of business activity to reduce their dependence on oil production and marketing, and to capitalise on other opportunities for growth) creates a need to modify its selection of new employees in order to employ fewer staff who have technical skills that are specific to the oil industry, and more who have financial and marketing skills.

✎ Exercise 1.4

Ingraham PW and N Rubaii-Barrett (2007b) 'Human resource management as a core dimension of public administration'. In: JCN Raadschelders and RJ Stillman II (Eds.) (2016) *Foundations of Public Administration*.

1. Are the factors the authors identify as barriers to HRM universally applicable?

   The authors note five factors that act as barriers to HRM. The first being that people are treated as a 'cost' rather than a 'resource' is universally true. For the second, bureaucratic structures inhibit HRM and, as the authors note, there are good reasons for bureaucracy in the public sector. Bureaucracy is common to all governments. The third barrier they identify is increasingly familiar – resource constraints. Public services find it difficult to reward and incentivise people due structural constraints. The final barrier is the lack of strong leadership. Although leadership will be examined in Unit 3, the point is made about the difference between politicised and organisational leadership. This leads to the final barrier, the political nature of the environment, which means that organisational change and decision making rests with politicians, rather than managers.

2. The authors suggest there are three priorities for HR practitioners in the public service: strategic HRM, managing modern merit, and flexibility and responsiveness to change. Can these priorities be realised?

   Strategic HRM is the subject of this module, and we are exploring this question now! However, there is a hint on page 8 of their paper that strategic HRM requires decentralisation for it to work convincingly – when they compare changes at the state level to the federal (central) government level. In relation to merit, the authors argue that rather than focus on the efforts of individuals, teamwork requires more consideration (again, explored in Unit 3) as well as contribution to organisational outcomes. Flexibility and responsiveness will require changes to organisational structure, or removing 'traditional hierarchical models', and this priority is possibly the most difficult to realise. In any case, the authors identify changing sectoral boundaries, technological change, and greater diversity as areas where sufficient change may occur.

3. Another recurring theme on this module will be competencies. The authors identify two, communication and accountability. Can you think of any others?

You may work for an organisation where there is a competency profile. In the UK civil service, for example, they include (and discussed in other units in the module) the following:

Leadership
- Leadership qualities are to enable civil servants to:
- provide direction for the organisation
- deliver results
- build capacity for the organisation to address current and future challenges
- act with integrity.

Core skills

At Grade 7 the four core skills are:
- people management
- financial management
- analysis and use of evidence
- programme and project management.

In addition to these skills, those in or aspiring to the Senior Civil Service need to demonstrate skills in communications and marketing, and strategic thinking.

Professional skills

Job-specific professional skills are important, whether civil servants work in policy development, operational delivery or corporate services, or provide expert advice (for example, scientists, economists and communicators).

Broader experience

For SCS members and those aspiring to the SCS, both depth and breadth of experience are important. Breadth of experience also becomes increasingly important. (Adapted from Civil Service, http://www.civilservice.gov.uk/)

In addition to communication and accountability, other more generic competencies include team orientation, customer focus, results orientation and problem-solving.