CPMR Discussion Paper 26

DEVELOPING A STRATEGIC APPROACH TO HR IN THE IRISH CIVIL SERVICE

Joanna O'Riordan

CONTENTS

Foreword

This paper is the twenty-sixth in a series undertaken by the Committee for Public Management Research. The Committee is developing a comprehensive programme of research designed to serve the needs of the future developments of the Irish public service. Committee members come from the following eight departments: Finance; Environment, Heritage and Local Government; Health and Children; Taoiseach; Transport; Communications, Marine and Natural Resources; Social and Family Affairs; Office of the Revenue Commissioners and also from Trinity College Dublin, University College Dublin and the Institute of Public Administration.

This series aims to prompt discussion and debate on topical issues of particular interest or concern. The 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. They 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 that 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.

Jim Duffy, 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: hicksonp@cmod.finance.irlgov.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 website: www.irlgov.ie/cpmr; information on Institute of Public Administration research in progress can be found at www.ipa.ie.

Acknowledgements

Executive Summary

The increasing knowledge and skill demands of modern government, the interconnectedness of key public problems and the expectations of customers and stakeholders requires ever-increasing levels of effectiveness and performance across the civil service. Developing a strategic approach to HR increases staff motivation and commitment, which in turn leads to enhanced productivity.

In essence, strategic HR implies using HR policies and procedures to help achieve business objectives. In practice, this implies developing 'a high-commitment - high-performance approach to the management of people (Holbeche, 2001)'. However, while developing such an approach is central to the role of modern HR, achieving it can prove challenging. The primary purpose of this discussion paper is to examine the extent to which a more strategic approach to HR is being implemented across the Irish civil service and to provide guidance to departments wishing to further progress this area.

This report also reflects on some implications of developing a more strategic approach to HR in a public sector context. For the Irish civil service, key aspects of HR policy, including terms and conditions of employment, grading and reward, remain centralised and standardised. From a certain perspective this could be perceived as contrary to the concept of strategic HR, which suggests that all aspects of the HR 'tool-kit' should be capable of being adjusted in accordance with business needs. However, notwithstanding the adoption of a more pragmatic approach to strategic HR, there remains a wide range of HR procedures where departments do have the opportunity to act strategically. Furthermore, research now shows that it is these factors, for example career development, appraisal, training and work-life balance which are the most important determinants of employee motivation and performance. A central conclusion of this report is thus that, even in the context of a unified civil service, developing a strategic approach to HR is an option for all government departments, and furthermore, that doing so will bring about significant benefits.

Ulrich's (1997) *Multiple-role Model for HRM* is used here to present the findings of qualitative research carried out during 2003 in a number of government departments that have been to the fore in developing a strategic approach to HR. Ulrich suggests that, in order to add value to their increasingly complex organisations, the role filled by HR

professionals is likely to be complex, multiple and, at times, paradoxical. His framework describes, in terms of deliverables, the four key functions of HR:

- the management of strategic human resources ('strategic partner')
- the management of firm infrastructure ('administrative expert')
- the management of employee contribution ('employee champion')
- the management of transformation and change ('change agent').

The model provides a thematic framework to consider the development of strategic HR within the civil service, with a series of recommendations made in relation to each of the four roles.

As noted above, the main objective of this report is to provide practical guidance to departments in relation to HR modernisation. However, in the course of this research, an important sub-text emerged in relation to why departments have been so slow to translate HR policy into practice and why there remains a lack of effective connection with the HR agenda. The report concludes by making a number of overarching recommendations with regard to the operation of HR in the Irish civil service. These are summarised below and presented in a hierarchical manner, that is, for the civil service in general, and in particular for senior managers; for individual departments and for HR units.

For the civil service

- The Irish civil service needs to consider the dilemma of how to modernise civil service structures and practices to meet ever-increasing knowledge and skill demands and ensure a more professional and efficient delivery of services, while at the same time maintaining a distinct public service ethos, which emerges as a critical factor in the motivation and commitment of staff.
- There is a need for greater clarity in relation to the organisation and direction of HR within the civil service, with the announcement of details of the decentralisation programme adding further to a sense of uncertainty. Articulating a HR strategy for the service as a whole is necessary in order to set out a clear approach in relation to future structures and systems and a framework in which to address the following recommendations:

(i) There is a need for the centre to adopt a more pro-active approach with regard to overall HR strategy, in effect managing HR assets and liabilities that are civil service wide.

(ii)The slowness of many departments to adopt a pro-active approach with regard to HR reform indicates that some form of corporate/central support is needed to facilitate them in developing and implementing HR policy. Consideration needs also to be given to the establishment of a Shared Services Unit to deal with the general range of administrative services delivered by HR.

- HR has become an increasingly specialised function. Consideration should be given to developing specific career opportunities or paths for those staff working in HR who might wish to progress their careers in this area. Also, as provided for under the forthcoming recruitment legislation there is a need to recruit HR professionals with experience of implementing strategic HR to key positions related to the development of HR on a civil service wide basis.

- Some form of sanction, as is now possible via the Sustaining Progress civil service Performance Verification Group, may be required for departments who fail to meet their obligations in respect to HR reform and consequently towards their staff and other stakeholders.

For individual departments

- HR in departments remains underdeveloped. In several respects HR units are not fulfilling all aspects of the *Multiple-Role Model for HRM*. Ensuring that the extensive list of recommendations detailed in this report are implemented must be a priority for all secretaries general.

- Putting in place appropriate HR policies and procedures, while important, will not automatically bring about the cultural change required for strategic HR. The secretary general, together with the management committee, needs to be seen to 'own' and 'drive' HR reform within departments.

- All departments need to develop a comprehensive approach to administrative and people management devolution, with the advent of decentralisation giving this task an added urgency. As emphasised in this report, line managers play a key role in 'bringing HR policies to life' and therefore critically influence staff commitment and motivation. From top management level down there is a need for engagement with this process.

For HR units

- The need to attract and retain high quality staff is critical to meeting the high performance demands of modern government. This report has emphasised that developing effective policies in respect to career development, training, job influence and challenge, involvement, appraisal processes and work-life balance is central to organisation commitment and productivity. For HR Units to be in a position to develop a strategic approach to these areas, staff need to be freed of responsibilities in respect of administrative HR.

- HR Units need to address the lack of clarity within departments in relation to their function. They need to communicate to their colleagues that their role is to develop a strategic approach in the key areas noted above, with the aim of enhancing organisation performance - rather than the provision of equipment, the monitoring of flexi-time and the filling of vacancies, which in many departments is the current perception of their role.

Finally, this report concludes that in order to prove successful the implementation of strategic HR, while facilitated by the HR function, cannot remain within the domain of HR. Senior management, leading by example, must be committed to and accountable for the strategic HR agenda, while managers throughout the organisation are responsible for its delivery and effectiveness.

1
Introduction

1.1 Background

The purpose of this report is to examine the implementation of a more strategic approach to Human Resource Management (HRM) in the Irish civil service. Gratton (1999) describe strategic HR as integrating the overall aims of the business with HR policy and practice. In this context, for the Irish civil service, the chief objective is to develop a more efficient and effective service. *Sustaining Progress* (2003, p.96), the current national partnership agreement, notes that 'a key determinant of national well-being, competitiveness and social inclusion will be the further development of a public service which:

- is quality, performance and results driven
- achieves value for money
- is focused on the needs of its customers
- is accountable
- responds flexibly and rapidly to change
- promotes equal opportunities'.

Achieving these goals requires a performance oriented civil service, with a skilled, committed and motivated workforce. Developing a more strategic approach to HR can greatly facilitate this process.

HRM represents a central element of the public sector modernisation agenda. Since the launch of the Strategic Management Initiative (SMI) in the mid-1990s, a policy framework in relation to HR reform has been developed, with objectives and commitments detailed in successive social partnership agreements. However, moving from policy to implementation at individual department level has proven a challenging and slow process.

This research study will examine implementation issues in respect to HR reform in a public sector context. In addition, and based on examples of good practice, it will provide departments with guidance regarding the development of a strategic approach to HRM.

1.2 Policy context

Delivering Better Government (DBG, 1996) highlighted the need to develop a different approach to Human Resource Management in the Irish civil service. The creation of a results-driven service clearly aligned with government priorities, it stated, required changes in HR structures and policies. A key recommendation in implementing this reform agenda was the need for personnel units to 're-orientate their activities and focus to take a more strategic and developmental approach (p. 34)'. In practice this would imply a range of changes including:

- the devolution of greater autonomy and responsibility for the control and management of personnel resources from the Department of Finance to individual departments
- the development of HR strategies linked to overall departmental objectives
- the devolution from HR units of responsibility for day-to-day personnel matters to line managers
- greater professionalisation of the personnel function.

The *Programme for Prosperity and Fairness* (PPF, 2000) refers to 'putting in place integrated human resource management strategies (p. 21)' as one of the key objectives in the next phase of public service modernisation. The priority given to HR strategies is part of a new emphasis on management, comprising: strategy statements, which outline overall departmental objectives; business plans detailing the commitments of each unit in respect of these goals; and performance management, dealing with individual roles and responsibilities.

Finally, *Sustaining Progress* (SP), the current national partnership agreement, ratified in early 2003, provides further scope for the modernisation of HRM. In particular, there is specific reference to legislative changes, which will give secretaries general in individual departments greater autonomy in relation to the recruitment, discipline and dismissal of staff. This devolution of responsibility from the centre to individual departments will provide greater impetus and direction to HR reform in the future.

1.3 Rationale for the study

The introduction of new legislation, detailed in *Sustaining Progress*, will effectively complete the policy framework with regard to HR reform. However, moving from policy to implementation has proven an ongoing challenge in the HR area. PA Consulting in their review of the civil service modernisation programme (2002a) conclude (p. 64):

> While policy initiatives have been developed, the general perception across departments/offices is that the fundamental changes anticipated in DBG have not as yet taken place. Many managers are still concerned at what they consider to be their lack of effective connection with the HR agenda … Moving from policy to implementation remains problematic.

This finding was borne out in interviews with a range of key informants from across the civil service during the planning stage of this project. Implementation of HR reform is regarded as lagging behind stated policy in this area. A particular case in point is the fact that a significant number of departments have yet to prepare HR strategies, as required under the PPF. While the need for enabling legislation has represented a constraint, there still remains a range of options available to departments that wish to develop a more strategic approach to HRM (e.g. giving line managers greater responsibility in regard to staff management, reviews of the personnel function, training and skills audits, succession planning etc). Yet, with a few exceptions, these options have not been explored.

1.4   Research terms of reference and approach

The terms of reference for this study were agreed as follows:

- enhance understanding of the implications of developing a strategic approach to HR in a public sector context
- explore key issues in relation to the implementation of strategic HR
- give a range of good practice examples – instances in departments and the wider public service – where a strategic approach to HR has been adopted
- provide good practice guidance in relation to how strategic HR might be further developed within the civil service.

To deliver on these terms of reference the study methodology would include:

- a review of relevant national and international literature, research and other evidence

- consultations with key informants within the Irish civil service
- an overview of the degree to which individual departments have implemented a strategic approach to HR
- a range of good practice examples from the civil service and the wider public service
- good practice guidance in respect of the further implementation of strategic HR.

1.5   Report structure

Following this introductory chapter, the structure of this report is as follows:

Chapter Two reflects on a number of key themes from the literature on Human Resource Management in respect to the implementation of strategic HR. What exactly is meant by the term strategic HR, and issues in relation to its application and impact in both the private and public sector, are discussed. The chapter also explains Ulrich's (1997) *Multiple-Role Model for HRM* which will be used in subsequent chapters as a model with which to reflect on the Irish civil service experience.

Chapter Three outlines the developing concept of strategic HR in the Irish civil service. In particular it addresses the challenges faced by the civil service in moving from policy to implementation.

Chapter Four examines the experiences of six departments, which for a variety of reasons have been pro-active in implementing a range of strategic HR initiatives. Findings are presented using a thematic framework – Ulrich's *Multiple-Role Model for HRM* which is discussed in Chapter Two.

Chapter Five reviews experiences of HR modernisation in two non-government departments. The two public service case studies, Dublin City Council and the Electricity Supply Board (ESB), represent useful and relevant comparators.

Finally, drawing on the experiences of the organisations reviewed in chapters four and five, *Chapter Six* provides practical guidance in relation to how departments can further develop strategic HR. A number of overarching recommendations are also made – for HR units, departments and the civil service in general. These conclusions were reviewed by a working group of personnel officers and other key informants.

2

Key Concepts from the Strategic HR Literature

2.1   Introduction

The purpose of this chapter is to discuss some of the key concepts and ideas in relation to the application of strategic HR in both a private and public sector context. Sections 2.2 to 2.4 explain what is meant by strategic HR, what it involves and how it impacts on organisation performance. Section 2.5 presents the findings of recent research in respect to the application of strategic HR in the public sector, in particular in the UK, and the implications this has for HR modernisation in Ireland. Finally, Section 2.6 provides some practical guidance in respect to the development of a strategic HR agenda.

2.2   What is strategic HR?

Over the last two decades there has been a significant shift in thinking regarding the role that people play in the success of businesses. Increasingly, it is recognised that people are a key organisational resource. Central to this view is the importance of strategic Human Resource Management. In effect this implies an integrated approach to HRM policy and practice. Gratton (1999) suggests that this integration needs to take place at two levels – horizontal (the need for integration between the various HR interventions) and vertical integration (the need for integration between business strategy and HR strategy). In practice, this means that HR units need to assess the knowledge, skills and abilities required by the organisation to operate successfully, and institute staffing, performance management, reward, training and development policies to meet those needs (Holbeche, 2001, p. 13).

In a strategic HR approach the priorities of HR should be the same as those of the business in general rather than a separate set of objectives. It is maintained that this approach leads to employees being better-managed and as a result better organisational performance.

Translating business objectives into HR objectives can initially prove challenging for organisations. Areas likely to prove relevant include, the attraction, development and

retention of talent, the promotion of quality management and enabling high performance across the organisation. Appendix One gives a range of examples of the types of objectives that might be prioritised in relation to these themes.

In assisting an organisation to meet its corporate objectives, it has been claimed that strategic HR leads to competitive advantage. According to Ulrich, those HR attributes generally regarded as crucial to the implementation of a firm's competitive strategy – for example, a capable and committed workforce, the development of employee competencies or an excellent training system – are precisely the sort of qualities that are difficult to imitate and are therefore a prime source of sustainable competitive potential (Ulrich, 1997).

In describing strategic HR, the literature highlights the ways in which it differs from technical HR. This distinction is also sometimes expressed as the differences between 'hard' and 'soft' approaches to HR (Storey, 1989). The former emphasises that people are important resources through which organisations achieve competitive advantage. These resources have therefore to be acquired, developed and deployed in ways that will benefit the organisation (Armstrong and Baron, 2002). In contrast, 'soft' HRM focuses on 'a high-commitment – high-performance approach to the management of people (Holbeche, 2001)'. According to Armstrong and Baron, the development of such an approach requires a strong focus on organisational culture. It can only be achieved through a range of initiatives aimed at enhancing involvement, communication and commitment.

2.3   From personnel management to strategic HRM

Recognition that HR professionals need to understand the business and its challenges and, furthermore, translate business objectives into their human resource implications, represents a more recent stage in the evolving role of personnel/HR. Throughout the 1990s organisations became increasingly aware of 'people as our greatest asset'. While assertions of this nature were often little more than rhetoric, they did over time lead to changes for HR. As the function became more specialised, many of the service delivery functions previously carried out by personnel were devolved to line managers, with personnel instead adopting the role of 'internal consultant'. At the same time, personnel units, which had been restyled as Human Resource units, were coming under increasing pressure to show how they were 'adding value'.

In response to these challenges the role and function of HR broadened. Personnel specialists became involved in change management, targeting specific areas of organisational culture and practice that needed to be reformed to assist companies in meeting modern business challenges. Added to this was the role of 'business partner' – working with senior management, providing the link between business and organisational or people strategies. The term 'strategic HR' was adopted as a means of describing the more pro-active and systemic contribution which HR was making in many organisations.

Table 2.1. indicates some of the ways in which the HR function has evolved in recent years. However, it has also been suggested (Ulrich, 1997) that 'these from … to … transitions are too simplistic. The roles undertaken by HR professionals are, in reality, multiple (p. 24)'. To add value to their increasingly complex businesses, HR professionals must fulfil ever more complex, and at times paradoxical roles.

Table 2.1: 'Traditional' versus 'Emerging' HR function

Traditional	Emerging
Reactive	Proactive
Employee advocate	Business partner
Task focus	Task/enablement focus
Operational issues	Strategic issues
Qualitative measures	Quantitative measures
Stability	Constant change
How? (tactical)	Why? (strategic)
Functional integrity	Multi-functional
People as expenses	People as assets

Source: Holbeche, 2001, p.5

In creating a *Multiple-Role Model for HRM,* Ulrich (1997) emphasises that to create value and deliver results HR professionals need to concentrate not on the activities or the work of HR but on the outcomes of that work. Working from this principle he developed a framework, which describes in terms of deliverables, four key roles that HR professionals should fulfil to become strategic partners within their business:

(1) the management of strategic human resources

(2) the management of firm infrastructure

(3) the management of employee contribution

(4) the management of transformation and change.

Table 2.2. highlights three issues in respect of each of these roles: the deliverables that constitute the outcome of the role, the characteristic metaphor that accompanies the role, and the activities the HR professional must perform to fulfil the role.

Table 2.2: Ulrich's Multiple-role Model for HRM

Role	Deliverable/ Outcome	Metaphor	Activity
Management of strategic Human Resources	Executing strategy	Strategic partner	Aligning HR and business strategy: 'organisational diagnosis'
Management of firm infrastructure	Building an efficient infrastructure	Administrative expert	Reengineering organisation processes: 'shared services'
Management of employee contribution	Increasing employee commitment and capability	Employee champion	Listening and responding to employees: 'providing resources to employees'
Management of transformation and change	Creating a renewed organisation	Change agent	Managing transformation and change: 'ensuring capacity for change'

Source: Ulrich, 1997, p.25

In summary, Ulrich emphasises that if HR is to be effective, it does not simply involve moving from operational to strategic work. It means 'learning to master both operational and strategic processes and people (Ulrich, 1997, p. 47)'. Intuitively this makes sense – if the basic HR processes and administrative activities, for example performance review or disciplinary procedures, are not in good order, no strategic contribution is likely to prove of value.

In many organisations, however, resource constraints and the pressure to deliver core processes properly leads to a dilemma for HR units, with many concluding that their organisations are not ready for strategic HR. Holbeche (2001, p. 17) describes this as a paradoxical outcome, because if HR is to contribute to the building of employee commitment and capability, even day-to-day operations should be carried out within a broad strategic framework. Furthermore, failure to address the strategic needs of the organisation leaves HR open to the traditional criticisms – that it is 'reactive' and represents a 'cost'. The challenge for HR is to take good care of routine HR responsibilities, quite possibly with the assistance of line managers and using information technology, while also concentrating on high value-adding activities.

Appendix Two shows how the Learning Strategy Division of the UK Cabinet Office is adapting Ulrich's *Multiple Role Model for HRM* into a *HR Capability Framework* for the UK civil service. Related to this, Appendix Three indicates how the Cabinet Office is trying to develop an integrated approach to HR, through the development of a *HR Functional Effectiveness Toolkit.*

2.4   The impact of strategic HRM

The link between strategic HR and competitive advantage was noted above. Becker et al (2001) confirm this, describing the focus of HR strategy as 'straightforward … Its aim being to maximise the contribution of HR to the creation of sustained competitive advantage, thereby creating value for shareholders (p. 13)'. This assumption that HR 'adds value' is one that most HR practitioners would accept intuitively. However, the challenge in many organisations is to prove this case to management, against a background where, typically, the drive for profitability leads to a focus on widening the gap between revenue and costs. Furthermore, the impact of this on employees has 'often entailed restructuring, downsizing, delayering, revising work practices and replacing human skills with technological solutions (Holbeche, 2001, p. 51)'. Prahalad and Hamel (quoted in Becker et al, 2001, p. 22) articulate this dilemma well when they suggest that the challenge for HRM is to become numerator managers, contributing to top-line growth, rather than denominator managers, cutting costs and reducing overheads.

An important aspect of this debate is showing how the impact of effective people management on performance might be assessed. This requires moving away from reliance solely on financial measures of organisational success. In this regard, holistic frameworks such as Kaplan and Norton's Balanced Scorecard (1996), which seeks to judge performance on the basis of a range of indicators, are particularly helpful. A further useful approach is to know how well your HR provisions compare with good HR practices elsewhere. This type of benchmarking can be a useful means of finding out the impact of HR in different contexts. Finally, levels of employee commitment and motivation are key determinants of employee productivity. Consequently, evidence of a positive correlation between HR activities and employee satisfaction represents an important indicator of HR 'added value'.

The Chartered Institute of Personnel and Development (CIPD) commissioned research to examine the impact of HR on performance. The resulting publication, *People and Performance: Unlocking the Black Box* (Purcell et al, 2003), notes that organisations which support their employees by developing effective policies based on ability, motivation and opportunity will create higher levels of organisational commitment, productivity and job satisfaction. Based on quantitative research in a range of British companies regarded as to the fore in respect to HRM1, the CIPD researchers identified the HR policies that seemed particularly influential in helping to generate organisational commitment. The key policy areas, in descending order of importance, were:

- career development
- training opportunities
- job influence and challenge
- involvement
- appraisal processes
- work-life balance.

The report emphasises particularly that pay was not regarded as a primary motivating factor in any of the companies in the study, all of which were trying to be progressive in respect to HR.

A further key finding of the Purcell et al research is the importance of implementing HR policies effectively. The authors note that employees experience more negative attitudes towards poorly applied HR policies than they do over the absence of a particular procedure, even those that might be regarded as essential, for example performance reviews.

However, confirming Ulrich's theories in respect of HR and competitive advantage, good HR policies are not enough. The facilitation of better organisation performance by HR has two components. One is about recruiting, developing and retaining good people and, as noted above, is where traditional HR policies are particularly valuable. However, what makes a bigger difference is 'the way people work together to be productive and flexible enough to meet new challenges' (Purcell et al, 2003, p.32). This is facilitated by two key ingredients – organisation values and culture, and the attitude of line managers. Meaningful and easily understood organisation values help to unite an organisation around a shared mission. However, particularly critical is the role that line managers play in bringing HR policies to life:

> Their managerial behaviour – in implementing HR policies, in showing leadership by involving staff and responding to their suggestions; and in controlling quality, timekeeping and absence – makes a real difference to employees' attitudes. It's not something that can be legislated for because it's a behaviour rather than a duty. It's strongly linked to the way that the line managers are themselves managed and to the wider values and culture of the organisation (Purcell et al, 2003, p.33).

In summary, the way in which managers implement HR policies and exercise leadership is strongly related to positive employee views in respect of a range of issues that facilitate motivation and productivity (e.g. worker-management relations, reward and recognition, coaching and guidance, communication and quality control).

2.5 The implementation of strategic HRM in the public sector

During the latter part of the twentieth century many OECD countries went through periods of significant public sector reform. Reform initiatives were frequently based on a model referred to as New Public Management (NPM). At its core NPM, which emphasises the importance of efficiency, effectiveness and accountability, involves

bringing private sector ideas of management in to the public sector arena (Brosnahan, 1999).

NPM had important implications for HRM in the public sector. Initiatives such as the separation of policy and operational aspects of HR, the contracting out of personnel administration, the promotion of HR specialisation, and an increased emphasis on performance management and measurement all have their roots in NPM.

Countries such as the UK and New Zealand, who implemented the most coherent and politically driven reform programmes, also went furthest in implementing strategic HR in the manner envisaged by HR theorists. In particular, the public sector in these countries moved away from the unified system that is the traditional hallmark of the sector. Individual departments and agencies were given autonomy to manage their own HR affairs and grading and reward systems were rendered variable, with senior management given authority to configure these in line with business needs.

Unfortunately, neither the UK nor New Zealand represents a particularly useful case-study of strategic HR in a public sector context, as in both countries HR reform was predominantly driven by a cost-cutting and rationalisation agenda, which tended to 'crowd out' other more desirable features of strategic HR. This point is effectively summarised by Roche (1998, p.11) who notes that, 'rather than concentrating on developing new and mutually supportive policies [in respect of HRM], line and human resource managers found themselves in practice, concentrating on programmes of reorganisation, cost-cutting and headcount reduction – 'hard' rather than 'soft' HRM in the language of the field'.

However, notwithstanding a recognition that HR reform in the UK public sector was in the main driven by rationalisation as opposed to initiatives designed to enhance employee motivation and performance, it is still a matter of considerable concern that employees in central government in the UK have lower levels of commitment and satisfaction and less trust in management than their private sector counterparts (Guest and Conway, 2000). In an effort to explain why this is so, despite there being more 'progressive' HR practices in place in the public sector, the authors conclude (p. viii) 'we might speculate that the shift away from centralised employment systems, the adoption of tighter frameworks for managing performance and the difficulty of identifying any longer a distinct 'public service' ethos may all have contributed to feelings of dissatisfaction'.

The CIPD research, which was commissioned to examine the state of the psychological contract in the UK public sector, would appear to raise some questions in respect to the application of strategic HR in a public sector context. It is a theme that was also examined by Bogdanor (2001). In a wide-ranging review he questions a number of what are in effect central tenants of strategic HR. He argues (p.10) that trends towards greater open recruitment could give rise to two key difficulties – maintaining public service standards and ensuring that the civil service does not become politicised. Bogdanor also suggests that there is 'at very least a tension, if not a fundamental contradiction between the idea of joined-up, or holistic government … and the need to 'incentivise' civil servants through such measures as performance related pay (p. 13)'. In other words, while HR reform proposals suggest a greater emphasis on individual responsibility, holistic government implies shared responsibility.

Bogdanor's comments in relation to the distinctiveness of the public sector are further supported by Matheson (2003, p.3) who, in a paper for the OECD on modernising public employment, notes that 'the fundamental purpose of the public sector is government, not management. Government requires that a great deal of attention be paid to fundamental values like fairness, equity, justice, and social cohesion to maintain confidence in the governmental and political system as a whole, and managerial considerations while important must be considered secondary'. Furthermore, while noting the variations in approaches to HRM across public administrations, for example between career-based and position-based systems and between centralised and decentralised approaches to policy making and implementation, the OECD concludes that both are 'under pressure' (p.12). Moreover, while each system will in the medium-term work on ways to overcome its perceived shortcomings (i.e. traditional administrations trying to become more market oriented and position-based ones seeking to strengthen cultural cohesion), there are other more 'fundamental dilemmas', including the increasing knowledge and skill demands of modern government and the consequent importance of retaining quality staff, the inter-connectedness of key public problems and the importance of facilitating strong leadership in public sector organisations.

From an Irish perspective, reviewing the experiences of HR reform in the state sector of other countries while interesting is only relevant up to a point. Within the Irish public sector the reality is that key aspects of the strategic HR toolkit, including terms and conditions of employment, grading and reward, remain centralised and standardised. Bill Roche, Professor of Industrial Relations and Human Resources at the Smurfit Graduate Business School2 goes as far as to suggest that it may be inappropriate to talk of strategic HR in an Irish civil service context, as such an approach requires that all aspects of HR policy are integrated with business strategy. Rather, he suggests, it might be more apt to describe the objective of the public sector modernisation programme in this regard as 'good' HR.

While acknowledging the constraints imposed by a centralised grading and pay system, there remains a wide range of HR procedures where departments do have the opportunity to act strategically. In this regard, Bogdanor's caution in respect to flexible pay systems in a public sector context and the findings of the CIPD (2003) and OECD (2003) research, described above, are significant. The Purcell et al research in particular shows that factors like career development, training and appraisal are the most important determinants of employee motivation and performance. Notwithstanding a unified civil service in Ireland, developing a strategic approach in any of these areas is an option for all government departments.

2.6 Key chapter findings

- Strategic HR is about developing an integrated approach to Human Resource Management policy and practice. Integration should happen at two levels: between the various HR interventions (horizontal integration) and between business and HR strategy (vertical integration).
- It has been argued that the implementation of strategic HR leads to competitive advantage, through the development of initiatives that focus on a 'high-commitment – high-performance' approach to managing people.
- In order to create value and deliver results, HR professionals need to concentrate not on the activities or work of HR (processes) but on the deliverables of that work (products).
- Ulrich's *Multiple-Role Model for HRM* refers to four key roles for HR: Strategic Partner, Administrative Expert, Employee Champion and Change Agent.

- Notwithstanding a unified civil service, developing a more strategic approach to HR is an option for all civil service departments. Furthermore, the areas of HR policy to impact most on employee motivation and performance, including career development, training and appraisal, are all areas where individual departments do have considerable autonomy.

3

The Developing Concept of Strategic HR in the Irish Civil Service

3.1   Introduction

This chapter describes the development of an agenda in relation to HR reform since the initial outline of recommendations in *Delivering Better Government* (DBG, 1996). While progress has been slow, a policy framework is now substantially in place. However, moving from policy to implementation has proven challenging, with many departments failing to keep pace with requirements set out in successive national agreements. The reasons for this are various. However, of central importance is the absence of a strategic approach to HR, in other words an integrated approach to the development of HR policies and procedures and the linking of HR objectives to overall business needs.

3.2   Background to HR reform in the civil service

Within the civil service, pay as well as terms and conditions of employment are determined centrally, with the Department of Finance having responsibility for these arrangements. Similarly, other key HR areas such as recruitment, tenure and promotion, policy and practice have traditionally been determined for the civil service as a whole.

As with other aspects of the public sector modernisation programme, HR reform can be traced to the launch of the Strategic Management Initiative (SMI) in 1994. Two years later, *Delivering Better Government* (1996) identified an ambitious agenda for human resource management reform in the civil service, recognising that major reform of existing HR structures and approaches was required to deliver on the goals of the SMI. According to DBG, 'the creation of a results-driven civil service with government priorities and focused on quality of service is not possible within existing personnel structures'.

The key HR recommendations contained in DBG are still pertinent eight years on:

- Reducing the degree of central regulation and control of the HR function and devolving greater autonomy and responsibility for the control and management of personnel resources to individual departments and offices.

- Departmental personnel units reorienting their activities and focus to take a more strategic/developmental approach and devolve responsibility for day-to-day HR matters to line managers.

- The development by departments of a more broadly defined understanding of personnel management, to ensure sufficient attention is given to areas such as resource planning, career management, staff development, workload distribution and performance management. In other words, greater emphasis on the more developmental and strategic aspects of HRM.

- The development by each department of a HR strategy linked to the overall goals of the organisation.

- Developing and rolling out effective performance management, measurement and appraisal systems.

- Reforming arrangements for the recruitment, placement, tenure, promotion and development of staff, as well as diversifying the types of employment arrangements offered by the civil service.

- Ensuring that the civil service is a model employer in respect to equal opportunity provisions.

Since DBG, with varying degrees of emphasis, a range of initiatives, policies, guidelines and new legislation has been put in place to progress this agenda. Since the *Partnership 2000* (P2000) agreement in 1996, a trend has emerged of linking public sector modernisation with successive national partnership agreements. In this way, a direct link (which was made formal under the *Partnership for Prosperity and Fairness*) is made between key reform objectives and pay increases.

3.2.1 Partnership 2000

P2000 in particular emphasised the need to implement an effective performance management process. This led to extensive research (Hay, 1997) on an appropriate performance management system for the civil service. Associated with this was the requirement that departments progressively increase training and development budgets to 3 per cent of pay-roll. P2000 also led to the introduction of the partnership process across

the public sector in order to ensure effective participation and consultation between management, unions and staff.

3.2.2 The Programme for Prosperity and Fairness

The *Programme for Prosperity and Fairness* (PPF, 2000) emphasised the importance of developing innovative and flexible human resource management policies and strategies. In particular it called for 'a more strategic approach to HRM issues and greater involvement by line managers in the management of their staff (p. 23)'. In order to meet these recommendations a special emphasis was placed on the implementation of the Performance Management and Development System (PMDS), the development of integrated strategies addressing all aspects of HRM and the development of an action programme to facilitate devolution to line managers. The PPF also contained a reference to the need to resort to external recruitment, at levels other than the norm, in order to acquire skills and expertise which are in short supply within the sector.

3.2.3 Sustaining Progress

Sustaining Progress (SP, 2003) is the most ambitious social partnership agreement to date with respect to HR reform, though many of the proposed changes would not have been possible without the groundwork in previous agreements. Two key pieces of legislation will be introduced during the lifetime of the agreement:

- Reform of the *Civil Service Regulation Act*, to enable the secretary general of a department to perform all functions pertaining to the appointment, performance, discipline and dismissal of staff below principal officer level.
- The introduction of the *Public Service Management (Recruitment and Appointments) Bill* (published December 2003), which will enable individual departments, which are licensed to do so, to recruit new employees directly rather than through general civil service competitions. While open recruitment is primarily aimed at obtaining skills and experience in key functional areas such as financial management, HRM and IT, provision is also made for some recruitment of generalist staff at HEO, AP and PO level.

Other HR initiatives outlined in SP include:

- Improvements in promotion systems, to ensure greater use of competitive, merit-based arrangements and also the filling of a higher proportion of posts through inter-departmental competitions.
- The evaluation of the Performance Management and Development System (PMDS) and the 'full implementation of year two issues by end-2004 (SP, p.106)'3. This will include the full integration of performance management with other aspects of HR policy and processes, including assessment systems, and the development of effective systems of feed-back in order to assess and improve feed-back at all levels.
- An ongoing target spend on training and development of 4 per cent of payroll and the development of a civil service training and development strategy.
- Ongoing implementation and development of a range of equality of opportunity and family friendly initiatives.

Appendix Five provides a chronology and list of outputs of HR aspects of the SMI modernisation programme.

3.3 From policy to practice

The HR modernisation agenda developed in the mid-1990s was ambitious but also appropriate. It was recognised that major reform of HR structures and approaches was required, not only to improve HR itself and ensure that the civil service had up-to-date, best practice arrangements, but also to deliver on other goals of the SMI.

The HR agenda was initially progressed by an inter-departmental HRM Working Group and more recently by the HR sub-group of the SMI Implementation Group. The brief of the two groups has effectively been the same – to develop a policy framework for HR reform across the service. During the second half of the 1990s, the HRM Working Group produced a series of working papers on topics including recruitment, tenure, performance management and promotion. While some of the suggestions in these working papers may have been regarded by some as overly ambitious, their recommendations have largely formed the basis of subsequent and ongoing policy changes. In particular, the development and implementation of PMDS and legislation in respect to the recruitment and tenure of civil servants is grounded in research work done by the HRM Working Group five to six years ago.

The outcome of this process was that in their Evaluation of SMI (2002a), PA Consulting conclude (p.58) 'a policy framework [in relation to HR] is therefore now substantially in place'. Recommendations and initiatives developed and enhanced in successive partnership agreements, and supported by circulars and guidelines, have addressed a majority of the issues identified in DBG. To some observers the time taken to achieve this might be regarded as excessive. However, the size and diversity of the civil service and also the strength and influence of civil service unions should be borne in mind. All new initiatives and proposed changes have to be negotiated and consulted on extensively.

However, less understandable is the slow pace at which reforms and new policies, once agreed, are implemented. The PA review observes that:

... while policy initiatives have been developed, the general perception across departments/offices is that the fundamental changes anticipated in DBG have not yet taken place. Many managers are still concerned at what they consider to be their lack of effective connection with the HR agenda. Moving from policy to implementation remains problematic. (p. 64)

There is a lack of consensus across the service as to why HR reforms have taken so long to implement. The PA review highlighted the importance of legislation to give departments greater autonomy in respect to the recruitment, tenure and management of staff and to 'hard-wire' (Dermot McCarthy, April 2002) HR reform across the service. However, while the absence of such legislation has somewhat limited the options available to managers, there still remained a range of HR policy areas where individual departments could have developed a more strategic approach, but in the majority of cases did not.

DBG, and subsequently the PPF, required departments to develop HR strategies. The Department of the Taoiseach also produced guidelines to facilitate this, yet by late 2003 a significant number of departments have yet to do so. The DBG reform agenda also called on personnel units to prioritise the developmental and strategic aspects of HRM, including areas such as resource planning, career management, staff development, work-load distribution and performance management. Yet, in many departments, with the exception of the implementation of PMDS, very little has been done in relation to these areas. Finally, departments have yet to make a concerted effort to devolve day-to-day personnel

matters to line managers. Across the civil service, personnel units are still engaged in routine administrative work, for example the recording of annual and sick leave.

Overall it would appear that, with a small number of exceptions, departments have not yet internalised the implications of the shift in approach with respect to HR or the opportunities it affords them to develop personnel policy and practice in line with their own business needs. Furthermore, it would be naïve to assume that the reform of the 1956 Civil Service Regulation Act and the opening up of recruitment processes will automatically lead to departments adopting a more strategic approach to HR. Legislation will need to be complemented by cultural and behavioural change at all management levels. As the PA review comments 'some departments would enthusiastically exploit the opportunity to exercise more discretion on HR matters. For others, legislative change would not necessarily ensure changed behaviour at organisational or individual level (p. 58)'.

3.4   Key chapter findings

In a Working Paper reflecting on the SMI, Murray (2001, p.19) concludes that 'the issue of HRM is as important as it was at the beginning – it may even be more critical, yet progress has been slow'. In particular, there appears to be a problem in many departments in adopting a pro-active and integrated approach to the implementation of HR policies and procedures.

The need for legislative reform has to a certain degree limited the autonomy of departmental management. However, there remains a range of priority areas – resource planning, career management, staff development, work-load distribution and performance management – where individual departments could have developed a more strategic approach, but in the majority of cases did not.

It therefore remains pertinent to question whether the introduction of legislation giving secretaries general greater autonomy in relation to the recruitment, tenure and discipline of staff in their departments will have the intended impact of devolving responsibility for HR issues to line departments. The lack of engagement and indeed understanding of the importance of HR reform, highlighted in the PA review and again evident in research carried out for this report, suggests that there are deeper cultural issues involved.

The purpose of the following 'case-study' chapters, which review examples of good practice with respect to HR reform, and the final chapter which makes recommendations for embedding HR reform, are intended to further explore these issues.

4

Strategic HR Practice in the Irish Civil Service

4.1   Introduction

The aim of this chapter is to review experiences in relation to the implementation of HR reform across the civil service. In order to determine which departments/offices had a more pro-active approach to HR reform, a short questionnaire was sent to personnel officers. In keeping with the central focus of this study – strategic HR – areas where we were interested to see if departments had developed initiatives included:

- the alignment of HR objectives to business objectives
- the development of HR strategies
- the way personnel units deliver their services
- the professionalisation of personnel/HR units
- the involvement of line managers in staff management
- staffing/skills/training needs analyses
- the development of procedures to monitor the effectiveness and impact of HR.

On the basis of responses to the questionnaire, six departments were chosen to be reviewed in greater detail. Figure 4.1 indicates the staff numbers of the relevant departments. It is it is notable that departments that have developed a more pro-active approach to HR come from across the spectrum of small, medium and large-sized departments.

Table 4.1 Staff Numbers in Departments reviewed in this Chapter

Department	Staff Numbers
Arts, Sport and Tourism (AST)	460
Communications, Marine and Natural Resources (CMNR)	696
Environment, Heritage and Local Government (EHLG)	1,357
Revenue	6,435
Social and Family Affairs (SFA)	4,382
Taoiseach.	214

Source: Department of Finance, Cen-sis figures, March 2003

The findings of the qualitative reviews of departments are set out below. In presenting their experiences, a thematic approach has been used. The themes are derived from the four key roles of HRM developed by Ulrich and described in Chapter 2 (see Table 2.2):

- strategic partner
- administrative expert
- employee champion
- change agent.

Following this thematic approach is useful. It serves to highlight whether all aspects of the HR role are being fulfilled and whether this is being done in an integrated way, that is, that HR reform is not perceived as a matter of implementing stand alone policies and procedures.

4.2   Evidence of HR as a strategic partner

This aspect of strategic HR involves the alignment of HR and business strategy. Across the six departments there appears to be a strong awareness of the importance of this objective, though applying it in practice has proven more challenging. The departments we surveyed had sought to progress this concept through:

- the development of HR strategies
- linking HR and business objectives
- the involvement of line managers in people management.

4.2.1 The development of HR strategies
The HR strategy of the Department of the Environment, Heritage and Local Government (EHLG) notes that it has been produced in response to commitments made in successive statements of strategy and in the PPF. The Strategy adds (p. 5) that 'these commitments were made because of the value of having a strategic approach to HR and the value of setting out that approach comprehensively in one document'.

Departments involved in our research that had prepared formal, written HR strategies were universal in their agreement that the process, while time-consuming, represented a significant achievement. It provided a written framework for the future development of HR. The preparation of the strategy also gave them greater awareness in respect to the integrated nature of different aspects of HR modernisation. In all cases, HR strategies were prepared by the change management or personnel unit, in conjunction with the department's partnership committee. In addition, departments engaged in a variety of other initiatives to both consult with and brief staff in relation to HR modernisation. Table 4.2 outlines the process engaged in by two departments, Environment, Heritage and Local Government and Arts, Sport and Tourism, in preparing their HR strategies.

Table 4.2: The Development of a HR Strategy

1. Department of the Environment, Heritage and Local Government.

A programme of HR reform had been ongoing in the Department of Environment and Local Government (heritage services were added to the department following the 2002 general election) since the late 1990s. A new induction policy, performance management and a training and development programme had all been implemented. However, it was recognised that a HR strategy, a requirement under PPF, represented an important milestone in the development of a more strategic approach to HR.

In early 2000, the partnership committee was given charge of developing a HR strategy for the department. The management committee felt that partnership was the best arena for developing the strategy because of its role as a consultative forum and the opportunity it afforded of consulting and engaging with both staff and unions.

In March 2000, a *Staff Guide on Developing a HR Strategy* was produced and circulated to all staff. The guide explained what a HR strategy is, the connection between the HR strategy and the department's strategy statement, the areas to be addressed in the HR strategy and how it would be developed.

A number of smaller partnership committees were established to oversee the development of aspects of the strategy, which specifies the objectives of HR in the department and considers HR policies and practices to support these objectives under the following headings: Resourcing the Department; Managing Performance and Development; Supporting Ongoing Learning; Fostering Teamwork and Collaboration; Achieving a Work-life Balance; and Promoting a Positive Working Environment.

2. The Department of Arts, Sport and Tourism.

The Department of Arts, Sport and Tourism was formed following the general election in 2002 and involved the merger of the arts functions of the former Department of Arts, Heritage, Gaeltacht and the Islands (DAHGI) with the Department of Tourism, Sport and Recreation (DTSR). At the time the DTSR already had a HR strategy, while the DAHGI was in the process of finalising its strategy.

Both departments had engaged in significant processes of staff consultation. In DAHGI this had taken the form of focus group meetings with staff; in DTSR a discussion document addressing all HR issues relevant to the department was prepared and used as the basis for HR working groups, which the majority of staff attended.

Following the merger, a HR sub-committee of partnership, under the chairmanship of the assistant secretary for corporate affairs, was given responsibility for producing a consolidated HR strategy. A staff workshop was held and the draft strategy posted on the department's bulletin board, with a request for comments.

The HR strategy is divided into four sections, within which individual HR policies and practices are addressed:

- resourcing the department

- managing staff performance and development

- achieving work-life balance

- promoting a positive working environment.

The HR strategy is regarded as a framework or working document, setting out the department's objectives in respect to HR for the period 2003-2005. It is accompanied by an implementation plan which sets out (i) key HR actions that require completion within a specific timeframe and (ii) ongoing HR actions, which need to become part of day-to-day HR practice in the department. Responsibility for all actions is assigned to a particular unit or group within the department.

The section on Review and Monitoring (p. 5) emphasises the importance of ongoing input and participation by staff and other stakeholders in implementing specific actions set out in the strategy. In addition, it is noted that further performance indicators for individual HR areas will be identified. Finally, overall progress on implementing the HR strategy will be monitored by the partnership committee every six months.

The contents of HR strategies which we reviewed are broadly similar. Table 4.3 shows an outline of the contents page from the Department of Social and Family Affairs' HR strategy and is a good example of both the typical structure and approach.

Table 4.3: Outline Contents of Department of Social and Family Affairs'
HR strategy

Part I	**INTRODUCTION AND CONTEXT**
	Introduction
	Our Main Functions
	Our Business
	Statutory Agencies
	Environmental Context
	Public Service Modernisation
	Profile of our Organisation
	The Kind of Organisation We Want to Work In
	Values and Guiding Principles
	Some Key Developments
	Partnership
	Internal Customer Service
	Performance Management and Development System
	Strategy Statement, Human Resource Strategy, Business Plans and PMDS: The Linkages
	Our Human Resource Objectives
Part II	**IMPLEMENTING OUR STRATEGY – THE ACTIONS WE WILL TAKE**
	Strategy Area 1: Achieving our Strategic and Business Objectives
	Strategy Area 2: Ensuring a Positive Working Environment
	Strategy Area 3: Reaching Our Potential
	Strategy Area 4: Creating a New Human Resource Management Environment
	Strategy Area 5: Strengthening Partnership, Consultation and Involvement
Part III	**MAKING IT HAPPEN**
	Critical Success Factors
	Resource Allocation
	Communicating the Strategy
	Monitoring the Implementation of the Strategy

Source: Department of Social and Family Affairs, 2003

Provisions to ensure their effective implementation and monitoring should be a central feature of all HR strategies. A number of procedures to ensure that this happens are set out in the HR strategies reviewed:

- The assigning of responsibility and specific deadlines in relation to all actions listed in the HR strategy (see the Department of Arts Sport and Tourism HR Strategy, Implementation Plan).

- References to HR strategies as one of the key documents on which annual departmental business plans are based.

- A requirement that progress in respect to implementation is reported on and reviewed by the secretary general and the management committee.

- A requirement that progress in respect to implementation is reported on and reviewed by the partnership committee.

- Specific reporting processes in respect to particular elements of strategies (e.g. staffing numbers, PMDS, internal customer service).

- The ongoing monitoring of the implementation of business plans, in particular those of the HR and change management units.

- References to the implementation of HR strategies in *Sustaining Progress* action plans.

- Initiatives to monitor the impact of HR reforms, for example staff surveys and, in the case of the Department of the Taoiseach, the drawing up of a set of HR metrics (key HR performance indicators) which will provide information on an ongoing basis on the department's HR environment (Table 4.4 shows an extract from the HR metrics list).

**Table 4.4: Assessing the HR Environment in the Department of the Taioseach,
Using HR Metrics**

Issue	Measurement Approach
HR Objective: *Getting the Right People*	
Recruitment Process	Average time to fill a position Contract offer/acceptance ratio % of new recruits who leave post within one year
Induction	% of new recruits who receive induction training within three months.
Retention	Staff turnover (no. of resignations/average headcount x 100) Feedback from exit interviews
HR Objective: *Development, Performance and Reward*	
Intellectual capital	Average no. of years service in the department Average no. of years service in the civil service % of employees with experience outside the department % of employees recruited for specific skills % of employees with third-level qualifications % of employees with post-graduate qualifications IT literacy levels IT software owned/used
Absenteeism	Absenteeism rate (i.e. no. of days lost through sickness/no. of days worked x 100)
PMDS	% of reviews completed within two weeks of target
Performance Problems	% of new recruits not offered established posts after one year % of employees not approved for probation % of employees not approved for increments
Training and Development	No. of days training per employee Training expenditure as a proportion of pay-roll (target: 4%)
Mobility	No. of employees in post for more than three years (target: nil) No. of employees in grades other than AO availing of lateral mobility

Extract from the Department of the Taoiseach HR Strategy, Chapter 6, Measuring the Impact of the Strategy, 2003

4.2.2 Linking HR and business objectives

The development, publication and circulation to all staff of a written HR strategy represents an important way of documenting how HR objectives can be aligned with objectives contained in a department's strategy statement and business plans. The greater clarity a department has in respect to its business objectives, the easier it is to define its HR objectives. An example of this, from the Department of the Taoiseach's HR strategy is contained in Table 4.5.

Table 4.5: HR Objectives of the Department of the Taoiseach

'The mission of the Department is to provide the Government, Taoiseach and the Ministers of State with the support, policy advice and information necessary for the effective conduct of Government…In order to fulfil its mission and deliver on its Strategy effectively, now and in the future, the Department needs to attract, retain, motivate and develop talented people through effective human resource practices. Due to the nature of the Department and its work, our people – far more than our financial, technological or physical resources – are the key to our success.'

The key HR objectives (p. 3) are therefore all linked to ensuring that the Department delivers on its mission and provides the requisite quality of service by fostering staff capability and commitment. The emphasis is on:
1. getting the right people
2. staff development, reward and performance
3. a good place to work.

Source: Department of the Taoiseach, HR Strategy, 2003, pp.4-6.

In recent years, a core business objective of the Office of the Revenue Commissioners has been the enhancement of service delivery. One outcome of this has been a major drive to realign organisational structure with business strategy. The resulting restructuring programme4 has led to significant devolution of autonomy and increased responsibility for regional and divisional managers. This has had significant HR implications, due to changes in staffing requirements and role profiles across the organisation. However, even in the absence of restructuring it was recognised that some areas of the office, for historical reasons, were overstaffed, while others, where demand had recently increased, were under-resourced. In addition, the age profile of Revenue staff, which will result in a large number of experienced, senior staff retiring in around ten to fifteen years, had for some time been identified as a cause for concern. The need to recruit and retain quality staff with the right skills and competencies would increasingly become a critical factor in meeting current and future business challenges.

Awareness of these issues internally within the office were given further prominence by *The Report of the Steering Group of the Review of the Office of the Revenue Commissioners ('The Blue Book')* which emphasised the need to develop a more strategic approach to staffing. Against this background, the planning and organisation development unit, in conjunction with HR, carried out a skills audit in order to identify skills gaps and training needs across Revenue. One outcome of this process was the establishment within the Organisation Development Branch of a Manpower Advisory Service (MAS)[5]. To date, MAS has been responsible for three main tasks:

- advising on staffing needs in the restructured organisation, taking into account the findings of the skills audit report and changed priorities within the organisation[6]

- auditing and advising the Commissioners in relation to staff requests

- ongoing monitoring and review of manpower planning, succession planning and future recruitment needs.

Overall, the establishment of MAS is regarded as a critical feature in the long-term process of developing a more strategic and objective approach to staffing in Revenue.

4.2.3 Devolution to line managers

Within the civil service, a line manager may be defined as any civil servant with staff management responsibilities. In conjunction with the objective of developing a more strategic approach to human resource management issues, the PPF called for 'greater involvement by managers in the management of their staff (p. 23)'. Traditionally in the civil service, central HR units have been principally responsible for all employee relations issues, including most aspects of personnel administration.

In all the departments we surveyed it was recognised that encouraging busy managers to become more involved in personnel matters will require a change in organisational culture and the provision of appropriate supports. It is also important that departments explain the thinking behind devolution. In this regard, the DSFA's HR strategy notes that the rationale for the transfer of authority and responsibility for day-to-day HR functions from the personnel unit to line managers is to give managers greater influence over and involvement with their staff, thereby enabling them to manage the service they provide more effectively.

Departments generally distinguish between administrative devolution, aspects of which (e.g. annual leave and flexi-time) in many departments are already the responsibility of line managers, and people management devolution. With respect to the former, provided appropriate guidelines are given, it is felt that managers could be given responsibility for areas like maternity leave, compassionate/force majeure leave, carer leave and parental leave. People management devolution is more complex. In many areas, good managers already do have regard for the development and progression of staff reporting to them. However, following devolution it is anticipated that line managers would have more formal responsibilities in respect to significant one-on-one management issues such as probation, underperformance, granting/deferring of increments, managing absenteeism, work-sharing arrangements and local discipline matters.

Following on from commitments in their HR strategies both the departments of AST and SFA are in the process of developing their approach to devolution. The DAST has prepared a *Guide to the HR/Staff Management Functions of Line Managers* (September 2003), in order to clearly establish and set out the current roles and responsibilities of line managers in respect to HRM. Areas covered in the guide include probation, induction, increments, PMDS, under- performance, work-life balance, grievance and disciplinary procedures and sick leave. The document also refers to the possibility of holding workshops for staff 'to allow for further discussion and understanding of the staff management and development role of line managers (p. 3)'.

One of the DSFA's core HR objectives is the creation of a new human resource environment. This is described as 'the reorientation of the HR function to support the devolution of authority and responsibility for the day-to-day management of HR issues to line managers'. The HR policy unit of the department is in the process of preparing a consultation document, for discussion initially by the department's HR committee. The paper will set out the possible approach to devolution in the department and is likely to address the following issues:

- rationale for devolution
- devolution to date in the DSFA
- the two strands of HR devolution (administrative and people management)
- how these functions will be devolved
- supports to devolution

- role of central HR (Personnel Branch) during and post-devolution
- IR issues involved in devolution
- links to other projects and developments
- 'devolution proofing' (in respect to other modernisation initiatives)
- next steps.

It is likely that the further development of the consultation document will follow a phased and multi-level approach as indicated in Table 4.6.

Table 4.6: Proposed Approach to the Rolling-Out of the DSFA's Devolution Project

1. Presentation and discussion of proposals with the department's HR committee.[2]
2. Initial consultation between Personnel and a small but representative forum of POs/APs to discuss devolution generally. If and where required separate working groups will be established to deal with issues in respect to particular areas.
3. Conducting of workshops involving managers from across the epartment to discuss how the devolution programme can be effectively progressed, including consideration of the various levels/phases of the programme and the necessary supports.
4. Ongoing communication and consultation with staff in personnel branch, both prior to devolution of any functions and throughout the entire programme.
5. Ongoing liaison with other departments/offices that are also carrying out devolution programmes
[1] Proposal at draft stage, September 2003 [2] The DSFA HR committee was established to progress the HR modernisation agenda within the department. It is chaired by the secretary general and is made up of the director general, the assistant secretary with responsibility for HR, the principal officers from management services and corporate development, the personnel officer and a representative from the HR policy unit.

4.3 Evidence of the HR as an administrative expert

This aspect of strategic HR involves putting in place all appropriate policies and procedures required by modern HR systems in complex organisations. It implies developing and maintaining 'an efficient infrastructure,' a key prerequisite to the adoption of a more strategic approach to HR. Across the six departments there was evidence of a range of initiatives and specific policies which had been developed to progress this area:

- auditing/reviewing the personnel function

- training for HR personnel
- the development of appropriate HR policies and procedures.

4.3.1 Auditing the personnel function

A majority of the case-study departments had carried out, or were in the process of carrying out, audits of their personnel function. Essentially this involves a review of what services are provided by personnel, why they are provided, how they are provided and an evaluation of the appropriateness and effectiveness of these arrangements.

These audits have adopted a variety of approaches, ranging from surveying staff in the personnel unit to the commissioning of external consultants to carry out more comprehensive reviews of services delivered by personnel units (sometimes referred to as 'process mapping'), together with consultation with internal customers.

In general, the key finding of such reviews is that personnel units have a primarily administrative focus. Few members of staff have a specialist qualification in personnel/HRM and in some cases significant proportions of staff had short periods of service, both in personnel and the civil service more generally. Staff working in personnel are generally reported as being committed and motivated. However, in some cases a lack of awareness of the HR modernisation agenda and the importance of developing a more strategic and integrated approach to HRM were reported.

A number of reasons are suggested for this 'information gap', including poor internal communication, insufficient training and experience and lack of appropriate IT systems. Also critical are resource constraints and time pressures which do not allow the opportunity to focus on more strategic tasks. In this regard, one evaluation lists the top five most time consuming tasks for the personnel unit in question as: salary and pension management; staff queries; compilation of parliamentary questions and Freedom of Information responses; contracts of employment; and annual leave. With regard to the latter, the evaluation notes that, notwithstanding the fact that this is the one personnel-related administrative function that has been devolved to line managers, it remains a hugely time-consuming area for the personnel unit.

Some audits also encompassed findings from customer consultation, based on data from employee surveys and/or data from focus groups with line managers and staff representing other areas of the department. In one case, when asked what were the key services with which they associated the personnel unit, line managers gave the following responses:

- the provision of accommodation and equipment
- filling of vacancies and the assignment of staff
- monitoring and maintaining the flexi-time system
- processing and approving special leave, e.g. parental leave
- staff mobility
- maintenance of the restaurant
- involvement in union negotiations
- training.

In general, while focus group participants regarded their colleagues in the personnel unit as helpful and capable, they were slow to identify the services provided by the function and also those that they availed of. Furthermore, it is a cause of some concern that, in the eyes of their colleagues, one of the core functions of the personnel unit is the provision of desks and chairs!

The reviews of personnel described above point to a predominantly administrative function that lacks strategic focus and consequently remains under-developed. In many cases this situation is compounded by a lack of clarity across organisations in relation to the function of personnel/HR units. It should be emphasised that anecdotal evidence suggests that the outcome in other departments, that have not to date carried out such audits, would be very similar to that of the departments described here. Furthermore, the departments that have conducted such an exercise deserve credit for doing so, as the findings, in particular recommendations in relation to how specific services are delivered, represents valuable information for the future development of HR.

4.3.2 The professional development and training of personnel staff

Civil service personnel are overwhelmingly regarded as generalists whose skills and experience are appropriate to any area of a department's work. Staff working in personnel

units have therefore tended not to have professional qualifications in the area. However, notwithstanding this overall trend, there is a high degree of openness and support for the idea of staff obtaining external qualifications in personnel/HRM. Regularly, staff with no previous experience of personnel will complete a one-year certificate in HR, for example that offered by the Institute of Public Administration. A small number of staff at middle management level have also studied for an MBS in HRM or a similar qualification. However, the most important means of acquiring and developing competence in dealing with personnel issues remains experience and coaching from colleagues.

Across the six departments, attitudes to the importance of professional HR qualifications among more senior staff (AP and above) involved in developing policies and procedures varies. Perhaps not surprisingly, in personnel units where staff have such qualifications, the knowledge and experience gained through participating in, for example an MBS programme, is regarded as having been an important asset in the development of a more strategic approach to HR.

4.3.3 Developing appropriate policies and procedures

As noted in Chapter Two, a pre-requisite and on-going aspect of strategic HR is the development of appropriate procedures in relation to all relevant issues. For example, and as expressed by one personnel officer, it is impossible for the HR unit to have credibility with line managers in relation to devolution if appropriate procedures for tackling under-performance are not in place. Within the civil service, practice in respect even to routine administration tasks such as the monitoring of sick leave are co-ordinated centrally by the Department of Finance (DoF) and are governed by a range of circulars prepared by the Personnel and Remuneration Division of the DoF. The availability of these circulars (the Personnel Code) on-line (www.codpearsanra.gov.ie) since 2002 has made information in relation to relevant procedures more accessible for departments. In addition, and in response to legislation in the area, the DoF has produced civil service-wide policies in respect to key areas like gender equality and diversity.

However, notwithstanding the fact that personnel practice is essentially similar across the service, for example PMDS must be implemented in all departments, a degree of flexibility still remains in relation to how practices are implemented. As a result there is an onus on departments to set out precisely what procedures are in place in their own organisations in respect to a wide range of staff-related issues, including induction, probation, increments, performance management, work-life balance, harassment, bullying, promotion, mobility, grievance and discipline.

Evidence from the six departments would suggest that in many instances policies have either not been developed or remain undocumented and/or poorly communicated. For example, most departments appear not to have mobility policies or grievance and disciplinary procedures. The personnel representatives surveyed were conscious that these areas were important, but also referred to the length of time the development of procedures takes due to the extensive consultation required.

The DAST's *Guide to the Human Resource/Staff Management Functions of Line Managers* (Draft, September 2003) seeks to set out, in as far as possible, what its personnel procedures are. Where procedures do not currently exist, there is a commitment both in the guide and in the department's HR strategy that these will be developed through 'single-issue' cross-departmental working groups. The strategy also sets target dates in respect to these activities.

4.4   Evidence of HR as an employee champion

One of the key roles for HR is as an 'Employee Champion'. This involves ensuring that staff are committed to the organisation and are contributing fully. It also suggests a need to consult on work processes and monitor employee morale. Critically, it also implies acting as an advocate for the employee point of view and ensuring that promises made by the organisation to its staff, for example in respect to career progression and development, are fulfilled.

Our research suggests that departments are seeking to fulfil this aspect of strategic HR in the following ways:

- the Performance Management and Development System (PMDS)

- training needs analyses and the development of training strategies
- staff surveys
- other staff development initiatives, for example mobility policies and succession planning

4.4.1 PMDS

A Performance Management and Development System (PMDS) for the civil service was launched by the Taoiseach in May 2000. Since then it has been implemented across all departments on a phased basis, with the final elements of the system due to be incorporated under the current national agreement.

The underlying principle of PMDS is that the staff development aspects of performance management should be prioritised. The development of role profiles is in general a constructive experience for staff, and the opportunity to meet with one's manager to discuss performance issues and identify individually focussed training needs is desirable. However, the challenge with respect to PMDS is to guarantee that it is implemented consistently and effectively in all departments and at all grades. Currently this does not appear to be the case. One of the case study departments commented that only 30 per cent of 2003 reviews were completed. In Autumn 2003, the Department of Finance commissioned an evaluation of PMDS. It will be important that the review emphasises the linkages between effective performance management and the development of a more strategic approach to HR.

4.4.2 Training and development

All forms of training and development (formal, on the job, self managed) are important as a means of enhancing the competencies and skills of staff but also as a way of motivating staff and encouraging commitment. Across the civil service, spending on training has increased in recent years with a target of 4 per cent of total pay-roll costs set in *Sustaining Progress*. Also, in part to provide guidance to departments wishing to develop their own organisational approach to training and development, the Centre for Management and Organisation Development (CMOD) published in late 2003 a five-year *Framework for Civil Service Training and Development*.

Among the departments reviewed, most commit in their HR strategies to carrying out training needs analyses and producing written training strategies during 2004. The former in particular is regarded as critical, as in many instances departments are simply not aware of the existing qualifications and skills of staff or, consequently, future needs.

In 1999/2000, by way of preparation for organisational restructuring, Revenue carried out a comprehensive skills audit (using the banner 'If only Revenue knew what Revenue knew'). The purpose of the audit was to:

- identify the range and quantity of key skills, knowledge and competencies required to meet the needs of the restructured Revenue divisions
- establish the extent to which these are available within the current organisation
- identify the gaps between the existing and future skill sets in order to measure the effort required to up-skill staff appropriately for the new organisation
- propose options to address any shortfalls identified.

The outcome of the audit was the mapping of over one hundred job types (i.e. setting out the responsibilities or duties of each role), the skills and competencies required to do these jobs, both now and in the future, and current available resources. The resulting skills gap represents the totality of the up-skilling needs of the office. Delivering the relevant training courses, while also having regard for other key training objectives, such as management development, represents the priority activities of the training and development unit over the coming years.

In 2003, the Department of Social and Family Affairs finalised a three-year training and development strategy for the department. The introduction notes that it has been 'prepared in the context of the wider HR Strategy and defines the scope and responsibility of training and development in the Department over the next three years, taking into account the overall goals of the organisation'. The broad areas covered in the DSFA training and development strategy are noted in Table 4.7. In respect to each of these areas specific actions and indicators are also set out.

Table 4.7 Key Themes from the DSFA's Training and Development Strategy

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- Meeting the needs from PMDS
- Developing managers as a key focus for organisational change
- Strengthening the role of managers in training and developing their staff
- Ensuring a positive working environment
- Ensuring an effective training structure
- Developing an induction training policy
- Adopting a quality approach
- Training needs analysis
- Training design and delivery
- Training evaluation
- Maximising training and development methods
- Achieving value for money in training.

Source: Department of Social and Family Affairs, 2003, draft

4.4.3 Staff surveys and staff communication

Engagement and consultation with staff, as for example is achieved under the partnership approach, represents an important way of enhancing employee commitment. The conducting of staff surveys, which explore the views of all staff directly, are a further means through which HR can fulfil its role as 'employee champion'.

All departments are required to conduct climate surveys as part of the PMDS process. However, a few departments have also conducted general staff satisfaction surveys, and a small number have surveyed staff in particular on HR issues and the delivery of services by the personnel/HR unit. The Department of Communications, Marine and Natural Resources is currently processing a survey of this kind. The survey covers a wide range of areas, including the following:

- general (role of the HR unit, reasons for contact, quality of service)
- induction service
- the HR intranet site
- the management of staffing and vacancies
- the management of internal promotions
- awareness of IR procedures
- awareness of HR policies and procedures

- attitudes to devolution
- work-life balance.

Finally, HR units contribute towards the enhancement of employee commitment through supporting a range of initiatives aimed at improving communication, for example intranet sites, staff newsletters etc.

4.4.4 Other staff development initiatives

Opportunities for career progression and development play an important role in employee perceptions of organisations and the extent to which they are regarded as an 'employer of choice'. Commitments to staff in this regard are also widely regarded as important retention and motivation tools. However, it is essential, and HR plays a key role in this regard, to ensure that an organisation's career development message is more than just rhetoric. In particular, appropriate processes or interventions, consistent with the organisation's stated message, must be put in place, implemented and, where relevant, supported by appropriate resources.

Career progression must also be understood in its broadest sense. Rather than simply describing an individual's progress up the ranks of an organisation it must be seen as relevant to all staff. Therefore, while promotion arrangements are important, also relevant are induction procedures, performance management, transfer/mobility, training and development[7].

Across the departments involved in this report, two good examples of staff development initiatives are the induction and socialisation policy developed by the Department of the Environment, Heritage and Local Government and the Department of Communications, Marine and Natural Resources' mobility policy.

As part of its approach to developing a more strategic approach to HR, the partnership committee of the DEHLG reviewed and further developed the approach to induction and socialisation within the department. A short guide to the department's policy was subsequently produced. This describes induction as an ongoing process, beginning before the new entrant's first day in the department and continuing for twelve, or even twenty-four months. The guide also sets out a checklist of tasks to be fulfilled by line managers and the responsibilities of the personnel unit. Finally, the guide describes the processes through which the implementation of the policy will be monitored.

The mobility policy of the DCMNR states that mobility is essential in order to facilitate effective manpower/succession planning and also to enhance staff development and broaden experience. A further key aim of the policy is to ensure predictability for staff regarding the likely timing of reassignment, with a general guideline that staff up to EO grade will be moved every three years, with other grades rotating positions every four to five years. Implementing a mobility policy is a complex task with a range of factors to be taken into consideration prior to decisions in respect of reassignments. However, as noted by the DCMNR policy, mobility is 'an important element of HR Strategy' and a critical aspect of career progression and development, particularly for staff for whom promotion may not currently be an option.

4.5   Evidence of HR as a change agent

One of the key roles for HR professionals is managing change within organisations. This implies 'replacing resistance [to change] with resolve, planning with results and fear of change with excitement about its possibilities (Ulrich interviewed by, MacLachlan, 1998, p.36)'. Among the departments involved in our survey there were two significant examples of where HR has supported major business driven change programmes:

- organisation restructuring in Revenue
- department mergers, for example at the Department of Communications, Marine and Natural Resources.

4.5.1 The role of HR in organisation restructuring
It was increasingly recognised in Revenue throughout the late 1990s that significant organisational restructuring was required in order to deliver a more efficient and effective service. This understanding was endorsed and prioritised following the publication of the *Report of the Steering Group on the Review of the Office of the Revenue Commissioners.*

The two key business objectives for Revenue were identified as enhanced levels of compliance and better customer service (in effect a 'carrot and stick' approach to the collection of taxes and duties). However, with around 7,000 staff at 190 locations around the country, achieving these business goals necessitated the devolution of greater autonomy and responsibility to local managers. This involves a significant programme of restructuring and re-skilling, with the need to achieve consistency, balanced by the importance of allowing for local flexibility.

It was important that they play a central role in the restructuring programme, both to ensure that local managers had the competencies and skills to fulfil their new functions and to address any employee relations issues. With business decision making increasingly being devolved to local levels, it makes sense that HR issues are also, in as far as possible, dealt with by line managers. Currently the HR unit is instigating a range of projects aimed at promoting devolution through providing guidance and support to line managers in relation to HR issues.

4.5.2 The role of HR in departmental mergers

Following the disbanding of the Department of Public Enterprise, the communications side of the former department became a part of the newly formed Department of Communications, Marine and Natural Resources. While HR strategies had largely been finalised in the former departments, it was recognised that the development of a new strategy would represent a key stage in facilitating a merger not only of HR policies and procedures but also of cultures from the two sides of the department.

The new environment afforded by the merger also provided a good opportunity to commission consultants to carry out an audit of HR and a review of the delivery of services. These initiatives have helped to re-establish HR within the organisation and ensure it is in a strong position to help facilitate the merger.

4.6   Key chapter findings

This chapter sets out examples of how a range of civil service departments have sought to modernise HR and, in particular, develop a more strategic approach. A thematic approach is used in presenting the findings of the qualitative research engaged in as part of this project. The *Multiple-Role Model for HRM*, introduced in Chapter Two, provides a useful framework as it breaks down the role of HR into four inter-linked themes, each of which emphasise the importance of the deliverables or outputs of HR rather than the inputs or activities. The four roles are:

- strategic partner
- administrative expert
- employee champion
- change agent.

The framework is also helpful as it highlights whether departments are fulfilling all aspects of the complex role required of HRM in modern organisations and, furthermore, whether there is a recognition of the importance of an integrated approach to HR reform.

Across the departments reviewed, our research suggests that there are certainly elements of good practice. However, no department has developed a comprehensive and integrated approach to HRM. The following specific issues are worth noting.

- There is a lack of clarity around business objectives. Consequently, HR objectives are not sufficiently grounded in the real strategic needs of the organisation.
- Notwithstanding the fact that personnel policy is determined centrally, departments need, as an urgent priority, to develop organisation specific procedures in respect to a wide range of areas, including, induction, probation, increments, under-performance, grievance, discipline, promotion, mobility etc.
- The adoption of a more strategic approach by HR units should not imply a loss of focus with respect to the needs of individual employees. Internal customer issues are particularly pertinent for HR. In addition, HR plays a key role in ensuring that commitments made by the organisation with respect to employee development are actually honoured.
- HR has a key role to play in facilitating change in organisations, whether this is as a result of major organisational restructuring, for example following a merger, or in respect of the ongoing public sector modernisation programme. In particular, HR

needs to be aware of the importance of cultural change, in addition to simply introducing new policies and procedures.

5

Implementing Strategic HR Outside the Civil Service

5.1 Introduction

The terms of reference for this study suggest that a useful way of reviewing the progress of government departments with respect to HR reform would be an examination of HR modernisation in organisations outside the civil service. The choice of comparators required careful consideration. The CPMR recognised that a range of large multinationals have excellent HR arrangements. However, their businesses, operating environments and structures are so radically different to the civil service that it would be difficult to draw any learning or guidance on the basis of a general overview. Furthermore, it was regarded as important that the organisations reviewed would be in the process of or have recently implemented their own modernisation programme.

The two organisations selected were Dublin City Council (DCC) and the Electricity Supply Board (ESB). Both are large, complex, unionised organisations that are actively engaged in ongoing HR reform.

5.2 HR reform in Dublin City Council

HR reform in local authorities has been driven, as in the civil service, by national agreements and legislation. *Better Local Government* (BLG) (1996), published the same year as DBG, provides the framework for local authority modernisation.

Furthermore, in relation to HR, objectives are broadly similar to those in the civil service:

- Devolve decisions in respect to HRM to local authority management teams.
- Create a new management tier with responsibility for developing more strategic thinking in relation to local authority programmes.
- Establish more professional HR units.
- Develop partnership.
- Enhance the availability of flexible work arrangements.

- Review the recruitment process to better reflect modern conditions and needs.
- Significantly improve staff development programmes.
- Ensure a higher proportion of women at management level and increase employment of people with disabilities.

In devolving authority in respect to HR issues to local authorities, an important piece of enabling legislation was the Local Government Act (2001). The Act reduced the role of the Minister for Environment, Heritage and Local Government in respect to local authority personnel matters, with staffing, remuneration and conditions of employment, subject to a number of conditions, now matters for individual authorities.

However, as in the civil service, the challenge for local authorities has been in respect to the implementation of HR reforms. In a *Review of the Human Resource Function in Local Authorities* (2002b), PA Consulting conclude that across the sector there is little evidence of a strategic approach to HR. However, one local authority that has been pro-active in developing a number of key HR initiatives aimed at better supporting business objectives is Dublin City Council.

Dublin City Council (DCC) employs over 6,000 staff and delivers an estimated 500 different services to people living and working in the city centre. Following the Local Government Act, DCC, in principle, has autonomy with respect to numbers, remuneration and conditions of employment. However, in effect flexibility with respect to staffing remains constrained. Furthermore, while there is a degree of autonomy in relation to HR procedures, there is also a certain expectation that all local authorities will work in tandem and proceed with modernisation at a broadly similar pace. In this respect the role of the Local Government Management Services Board (LGMSB), established under BLG to provide local authorities with comprehensive advice and support on HR/IR issues, is critical. The Board also plays an important role in sharing good practice across the sector and in encouraging all authorities to keep pace with reform initiatives implemented elsewhere.

However, notwithstanding these constraints, DCC has put in place a number of key initiatives that guarantee a more strategic approach to HR. All areas ('departments') of the council produce annual business plans detailing their objectives and targets for the year. HR, communications and health and safety must be covered in all plans, ensuring that the link between business and HR objectives is maintained across the organisation. Table 5.1 shows an extract from a DCC departmental business plan indicating its HR objectives for the year. The presentation of objectives, together with associated targets and indicators in tabular format is particularly useful.

The prioritisation of HR reform across the council is further facilitated by having a small number of HR representatives (one or two) working in the secretariat of each department. In addition, and relevant to business plans in general, the council has put in place rigorous monitoring procedures, with each department having reporting meetings every two months with the management committee to review progress in relation to the implementation of its plan.

The operation of Strategic Policy Committees, introduced under BLG to give councillors a wider role, has also increased the emphasis on performance management.

From an early stage in the DCC modernisation process it was recognised that change had to be driven from 'the bottom up', at least as much as it was led by management vision and leadership (i.e. 'top-down'). In other words, it would only happen if staff felt motivated and committed through seeing the positive impact of reforms on their own roles and working environment, for example through increased responsibility and varied work experience. A clear consequence of this process was the importance of line managers becoming more involved in the day-to-day management of their staff. However, a training needs analysis carried out during the mid-1990s showed that many managers lacked training and experience in this regard and were concerned at the prospect of being required to play a more active role in managing the performance of their staff.

Table 5.1:   HR Objectives in the Business Plan of a Dublin City Council Department

Sub-Objectives	2004 Target	2003 Target	Measurement
Overall Objective: Ensuing that there is consistency in dealing with the Human Resource Function in the Department			
Training Ensure that adequate and focused training is provided for all staff in the department	Full programme in place Review and Monitoring	Provide relevant training at all levels in the department	Provision of relevant corporate and local training programme
Mobility Full implementation of mobility policy	100% of eligible staff to have availed of mobility within the dept. or have moved to another dept.	80% of eligible staff to have availed of mobility	% of eligible staff who have availed of mobility policy
Absenteeism To monitor and reduce absenteeism of staff	Monitoring of absenteeism to ensure that % rate remains below 5%	15% reduction	% reduction in absenteeism
Partnership Maintain and develop the partnership process through the adoption of a consensus approach to all issues involving change within the dept.	Review local partnership	Ensure partnership in place throughout the dept.	Level of commitment among staff to the partnership process and resultant improved industrial relations
Equality To develop, implement and promote equality of opportunity for all staff	Ensure that 100% of key staff have attended equality training Ensure that 100% of staff are aware of the equality ethos of DCC	Facilitate staff in attending management training courses that incorporate equality training Ensure equality awareness is raised at all teamtalk sessions within the dept.	% of key staff to have attended equality training All staff at Grade VI and above to have received equality training
IR To develop and promote best practice IR	Improved IR and communications	Monitor IR climate	No. of issues resolved at dept. level

Extract from Dublin City Council Departmental Business Plan, 2003

While it was regarded as essential that devolution to line managers went ahead, from the outset it was emphasised that devolution implied the development of a strategic partnership between HR and the line, as opposed to one or the other doing it unilaterally. Line managers were given training by internal trainers who understood the environment in which they operated, with priority given to explaining to managers where they fitted into the process, their level of responsibility and answering questions and addressing concerns. The development of a partnership approach between line departments and HR is regarded as having brought about a range of benefits, not least the significant cultural change involved in facilitating managers to be more pro-active in relation to the performance and development of their staff.

In summer 2003, a new training needs analysis was carried out in order to inform a training and development strategy for the council. The purpose of the strategy is to provide a structured and focused approach to the identification of training needs and the delivery of training interventions. The new strategy also places significant emphasis on links between business objectives and training and development. In order to better co-ordinate training across the organisation it is recommended that all departments have at least one training co-ordinator and develop their own annual training and development plans, linked to their business plans and identifying specific, local training needs

Finally, in tandem with the modernisation of HR across the council, the HR unit itself is developing a more professional approach. Priority has been given to working through its own business plan objectives, with the establishment of a HR policy unit central to this aim. Two further key initiatives are the implementation of HRMS, a computerised personnel system, and the management of a staff survey in relation to internal HR operations and policies.

5.3   HR reform in the Electricity Supply Board (ESB)

The ESB currently employs about 8,500 staff at locations throughout the country, though this figure will reduce to approximately 6,500 under the terms of a major change agreement. While the ESB operates as a single company with single systems, in effect it is made up of a number of separate businesses – Power Generation and Customer Supply, ESB Networks, Commercial Enterprises and ESB National Grid, though the latter is currently being established as a separate semi-state company due to industry restructuring

requirements. The businesses are supported by two corporate functions, finance and HR/corporate affairs.

The ESB disbanded its centralised personnel department in the early 1990s and since then a number of further organisational changes have taken place so that presently the situation exists where:

- Each business line has its own business level HR function, the organisation of which is aligned to the individual business needs. In general, the local HR functions are primarily responsible, in conjunction with line managers, for all employee relations' issues, including industrial relations, training needs analysis, staff development, identification of resource gaps and recruitment needs, sanctioning of promotions within agreed HR authority levels and the overall direction of HR strategy for the business line.
- A central Shared Services unit was established to deal with the general range of HR processes, including, internal and external recruitment for most of the company, employment contract preparation and issuing, HR administration to give effect to policies and procedures, internal Medical Services etc. HR Shared Services operates service level agreements (SLAs) – formal contractual relations – with the various business units, which, in general, pay an annual fee in return for a range of HR services. The core objectives of the SLA process are to have the fees based on market rates for the particular transaction or services and secondly, to have a direct relationship to the volume of service actually supplied. In situations where this is not appropriate, a 'bulk' fee is agreed within the service level agreement.
- The group HR unit deals with overall HR strategy, in effect managing HR assets and liabilities that are group wide, for example senior management development, succession planning and the formulation of policies and standards.

Devolution to line managers of responsibility and autonomy in relation to staff working in their area represents an important part of this structure. Managers, supported by the local HR unit, play a key role in respect to the recruitment, promotion, performance management and development of staff in their area.
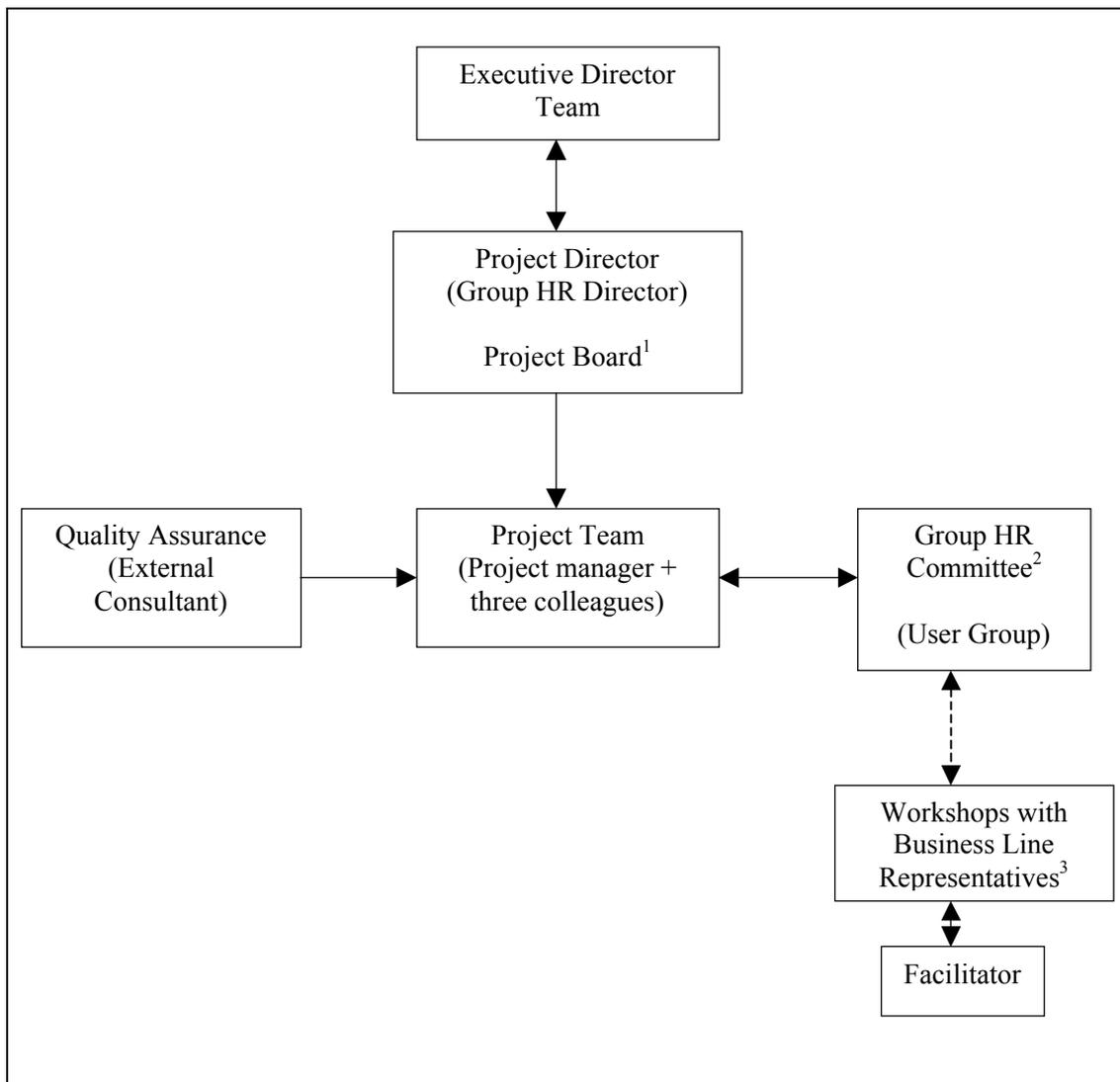
The Group HR unit is in the process of finalising a new HR strategy for the ESB. An internal project team was established with the brief of setting out the HR objectives for the Group, which in turn will provide a framework for business lines to review and develop their own HR strategies.

A number of key principles underline the process:

- The strategy is to be objective driven, setting out what is going to be done, rather than based on a high level vision.
- The intention is to have a strategy that is grounded in the business and as a result will make a real difference. Putting this objective into practice requires being clear on business objectives. This is an essential stage in determining consequential HR objectives.
- The HR strategy is not based on any theoretical framework or model, rather it emerged from a review of the composite business/high level issues facing the company.
- In an organisation with many different needs and views, process is critical, with consultation given particular emphasis.
- The strategy is target oriented, detailing outcomes and specific actions for each objective.

The development of the HR strategy had a short time frame (approximately three months) and was approached in accordance with a standard project management model used across the ESB. This involved the early preparation of a Project Initiation Document (briefly setting out the project benefits, stakeholders, management structure, objectives, scope, milestones and deliverables) and clarification of the project management structure. This is shown in Table 5.2.

Table 5.2: ESB HR Strategy Project Management Structure

Executive Director Team

↕

Project Director
(Group HR Director)

Project Board[1]

↓

Quality Assurance (External Consultant) → Project Team (Project manager + three colleagues) ↔ Group HR Committee[2] (User Group)

↕ (dashed)

Workshops with Business Line Representatives[3]

↕

Facilitator

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[1] The Project Board consists of the two senior HR managers, one representing the core electricity business in Ireland and one representing the commercial and international businesses, plus a senior line manager. This board is in turn led by the Group HR Director. A key function of the Project Board is to agree the objectives and scope of the project

[2] The ESB has a group-wide HR committee. Consultation with this group represented an important stage of the project.

[3] Consultation also took place via a number of workshops with line managers representing different areas of the Group.

The HR strategy (draft, September 2003), by way of context setting, describes the operating environment and corporate strategy of the group (e.g. a single company that will concentrate on its core business; network investment; customer service; a high performance culture etc.). This is followed by a description of the HR environment and related strategic themes (e.g. management capability; high performance; partnership; change; resourcing; employee supports; policies and standards and measuring HR impact). In respect to each of these key themes the strategy describes strategic objectives (i.e. the key reference points for any HR manager in any part of the organisation) and also the specific actions to be undertaken to meet these objectives by the group HR function. Finally, the strategy details the desired future outcomes:

- improved business performance
- a speedy and local response to business challenges
- committed and engaged employees
- ensuring that the organisation has optimum numbers and staff with appropriate skills
- consistently applied appropriate HR policies and standards (e.g. performance management systems may differ across the group, but they will all be founded on a number of consistent components, for example some form of target setting mechanism, a competency component, annual salary review etc)
- improved clarity as to the contribution of HR to business performance.

5.4 Key chapter findings

In reviewing HR modernisation in DCC a number of key learning points emerge:

- Good leadership and good vision are critical. The city manager and a number of senior managers are consistently supportive of HR.
- The change agenda in DCC has emerged 'through a vision rather than a platform'. In other words, rather than change being a product of a reform programme developed in isolation of staff views and subsequently imposed on them, the change agenda has in large part emerged from 'the bottom up'. Recognising staff as a key resource implies looking for improved ways of motivating them and giving them greater responsibility.

- Cultural change takes time and needs to be supported, for example DCC invested significantly in management training to help managers understand the importance of their role and their level of responsibility.

- In relation to devolution the emphasis has been on a strategic alliance between HR and line departments. The concept of managers being involved in the performance and development of their staff was embedded prior to the introduction of a formal performance management system.

- The importance of linking HR objectives to business goals is reinforced in a range of ways, including the attendance by HR representatives at departmental meetings, and an emphasis on HR reform in all business plans.

- HR reform across all local authorities has been enhanced by the LGMSB. The development of policies and procedures for the sector as a whole has helped speed up this process for individual councils. Its role as a forum for sharing good practice has also been important.

HR in the ESB is clearly founded on very different structures to those operating across the civil service. However, a number of key learning points still emerge:

- Notwithstanding the existence of separate business lines, a group approach to HR remains relevant and important – in particular to ensure that HR policies and procedures are consistently applied, while leaving scope for flexibility in accordance with individual business needs.

- HR must be grounded in business objectives. The more specific an organisation/division can be in respect to its business objectives (what they are expected to achieve), the more specific it can make its HR objectives.

- The quality of relationships across an organisation, and particularly between HR stakeholders, is critical. In an organisation with a devolved approach to HR there needs to be an awareness that 'structures could kill working relationships', and as a result there is a need for flexibility and consultation. In practice this means that all areas of HR work closely together, with those responsible for the development of policy liaising on an ongoing basis with those implementing it, in order to reflect and monitor its impact on the ground.

- The involvement of line managers in staff management can and should be part of the normal approach to HR and should be accepted as part of the role of managers.

- A combination of business line experience (e.g from a professional, technical background) together with a HR qualification and experience is a very successful combination for the development of organisation HR.

6
Conclusions and Recommendations

6.1   Introduction

The purpose of this final chapter is to:

- review evidence from the report that shows why strategic HR is important in enhancing performance within the Irish civil service
- summarise the findings of the research presented in the preceding chapters, thereby providing guidance in relation to implementing a more strategic approach to HR
- reflect on why departments have been slow to translate HR policy into practice, and make recommendations which will ensure more effective engagement with the HR agenda.

6.2   Why developing a strategic approach to HR matters

The challenge for HR in many organisations is to indicate to management how the function and the policies and procedures it implements 'add value' to the organisation. The concept of strategic HR greatly contributes to this debate. The rationale behind strategic HR is that, rather than having a separate set of objectives, the priorities of HR should be the same as those of the business in general. This approach results in employees being better managed, which in turn improves organisation performance. Ulrich (1997) develops this point further in suggesting that strategic HR leads to competitive advantage. He argues that those HR attributes generally regarded as crucial to the implementation of a firm's competitive strategy, for example a capable and committed workforce, the development of employee competencies or an excellent training system, are precisely the sort of qualities that are difficult to imitate and therefore a 'prime source of sustainable competitive potential'.

In practice, strategic HR is about developing 'a high-commitment – high-performance approach to the management of people (Holbeche, 2001)'. However, while developing such an approach is central to the role of modern HR, achieving it is not always straightforward. In particular, the translating of overarching HR objectives into specific actions can prove challenging. However, for many organisations, including the Irish civil service, its strategic HR agenda is likely to include the following areas:

- the attraction, retention and development of talent
- improving management capability
- developing an organisation culture that seeks to enhance involvement, communication and commitment

and, critically,

- the reform of HR itself in order to ensure that the function has the resources and competencies to facilitate the modernisation process.

The above requirements are effectively summarised by Ulrich's (1997) domains of strategic HR, that is, the key roles that HR needs to fulfil in order to be effective. The four areas, which are described in detail in Chapter Two, are:

- strategic partner
- administrative expert
- employee champion
- change agent.

The roles emerge from an emphasis on the deliverables rather than the activities of HR. Adopting a strategic approach through ensuring links between HR policy and corporate strategy is critical. However, this will only prove of benefit if an appropriate framework of HR policies and procedures, including performance management, disciplinary procedures, equality policies etc, is also in place. Increasing employee commitment and capability is also clearly central to enhancing performance. Underlying the whole process is the importance of an organisation culture that facilitates change. This report has reviewed examples of good practice from a range of government departments and offices in respect of each of these four roles.

Chapter Two also reflects on some implications of developing a more strategic approach to HR in a public sector context. For the Irish civil service the reality is that key aspects of HR policy, including terms and conditions of employment, grading and reward, remain centralised and standardised. In some respects this goes against the formal concept of strategic HR, which suggests that all aspects of the HR toolkit should be capable of being adjusted in accordance with business needs. Nonetheless, there remains a wide range of HR procedures where departments do have the opportunity to act strategically. Furthermore, research now shows (see above, Section 2.4) that it is these factors, for example career development, appraisal, training and work-life balance, that are the most important determinants of employee motivation and performance. Significantly, this list is almost identical to the list of key employment aspirations of civil servants identified by consultants Goldsmith Fitzgerald in a Staff Retention Survey (1999, p.4). A central conclusion of this report is thus that, notwithstanding a unified civil service, developing a strategic approach in respect of a wide range of HR areas is an option for all government departments and, furthermore, that doing so will bring about significant benefits.

As discussed in Chapter Three, there is a lack of consensus across the service as to why HR reforms have taken so long to implement. The PA Review (2002a) highlighted the importance of legislation to give departments greater autonomy in relation to the recruitment, tenure and management of staff. However, while the absence of such legislation has somewhat limited the options available to managers, as noted above it was still open to departments to adopt a strategic approach in relation to the HR policy areas that most impact on performance. Furthermore, while the new legislation is to be welcomed as a positive initiative, its actual impact on the development of a more decentralised approach to the implementation of HR policy will largely depend on a transformation in the attitude of departments to HR. As noted by the PA Review 'some departments would enthusiastically exploit the opportunity to exercise more discretion on HR matters. For others, legislative change would not necessarily ensure changed behaviour at organisational or individual level (p.58)'. These questions will be revisited in the final section of this chapter.

6.3 Summary of research findings

This report suggests that developing a more strategic approach to HR requires that HR units and their staff fulfil four key roles: strategic partner, administrative expert, employee champion and change agent. On the basis of the qualitative research presented in Chapters Four and Five, this section reviews how effective departments are in fulfilling each of these roles. The summary points at the end of each section serve as a checklist of the areas that departments need to progress in developing a comprehensive approach to HR reform. In as far as possible these are noted in order of priority.

6.3.1 Strategic partner

Fulfilling the role of strategic partner requires that HR objectives are effectively linked to business objectives. The departments reviewed in this report have all produced HR strategies. These documents are well prepared with, in most cases, an effort made to link HR objectives to the business of the department. Revenue, for example, identify their core business objectives as customer service and compliance, while the Department of the Taoiseach refers to its mission as providing the government, Taoiseach and ministers with the support, policy advice and information necessary for the effective conduct of government. Emphasis is also placed on developing HR objectives that are linked to these business goals, with the Department of the Taoiseach for example identifying that, as a policy department, these are primarily associated with the quality and development of their staff. However, overall, there are a number of ways in which strategies could be made more robust. We suggest

- a more integrated approach, with actions more closely and specifically identified with objectives, and a greater emphasis on linkages between the many strands of HR;
- setting appropriate performance indicators in order to monitor progress in achieving objectives;
- more effective prioritisation of actions.

Devolution of responsibility for HR matters to line managers is a central feature of strategic HR. The main reason for the transfer of responsibility for day-to-day HR matters from personnel units to line managers is that by facilitating greater involvement by managers with their staff, the quality of management, and consequently the efficiency with which services are delivered, is greatly enhanced. As noted in Chapter Two, line managers play a key role in 'bringing HR policies to life', which in turn influences employee commitment and better performance.

A distinction is made within the civil service between administrative devolution (for example, managing the various leave arrangements) and people management devolution. This report concludes that in respect of both forms of devolution there is still a considerable way to go (see above, Section 4.2.3). While some departments have in principle handed over responsibility for certain administrative procedures to line managers, the practice appears to be somewhat different, with considerable recourse back to personnel units, possibly because appropriate guidance and training have not been provided.

Devolving responsibility for people management to line managers is regarded as particularly challenging. While in many areas good managers do have regard for the development and progression of staff reporting to them, the extent of responsibility needs to evolve to a situation whereby line managers have formal responsibility in respect of significant one-on-one management issues, including, probation, underperformance, granting/deferring increments, managing absenteeism, work-sharing arrangements and local discipline matters.

Finally, devolution is also desirable because it will free up staff within the personnel unit to focus on more strategic HR concerns, including succession planning, career development, management capability, manpower planning, equality of opportunity etc.

A central finding of this review is that across the civil service the culture and approach within departments remains one whereby HR is predominantly regarded as an administrative function. In order to develop the role of HR as a strategic partner, there are a number of critical issues to be progressed:

- Modern government faces ever-increasing knowledge and skills demands, coupled with the challenge of meeting high performance expectations. The business goals stemming from this more professional and demanding environment require the support of a significant HR contribution. Identifying HR objectives that will help in meeting business objectives is the key starting point.
- The development of HR strategies is helpful, both in terms of the process of consultation involved in preparing a strategy and also the outcome – setting out in one document HR objectives and the associated actions to be taken to achieve those goals. HR strategies need not be long documents. The important point is that they emphasise what will be done and how, as opposed to simply a series of aspirational statements.
- Formal systems need to be put in place to ensure the ongoing and effective monitoring of the implementation of HR strategies. In particular, concrete performance indicators need to be set. A number of further suggestions, including clear assignment of responsibility, are set out in Section 4.2.1.
- It is crucial that the HRfunction concern itself with resourcing issues to ensure that business objectives are achieved effectively. Departments need to review all areas of work and services provided and determine areas where there is a resource imbalance or where new competencies are required. It is also worth bearing in mind that this is a

task that should take place on an ongoing basis (for example, changes in government policy or priorities may result in an area that previously managed very well with a certain number of staff now requiring an increase in staff numbers, or conversely, some areas may be found to be over staffed to meet current needs). The two key questions to consider are whether the appropriate level of staffing is in place in all units in order to meet business objectives and whether people have the appropriate competencies, skills and experience.

- The business planning process represents an important means of ensuring that HR objectives are linked to business goals across a department. HR objectives, for example staff development, enhancing communication and commitment, equality and partnership, together with relevant actions and targets, should be a consistent feature of all divisions' business plans.

- An integrated approach is critical in relation to all HR reform. HR policies and procedures cannot be regarded as discrete interventions. For example, involving line managers in staff management requires clear procedures in respect to probation, increment reviews, promotion, mobility, underperformance etc., while each of these areas in turn clearly impact on each other

- Devolving responsibility and autonomy in relation to day-to-day HR matters to line managers enhances the management and development of staff, which in turn facilitates improved levels of commitment and productivity (see Section 4.2.3). A concrete programme of consultation and action is required in order to make this happen (for example, Department of Social and Family Affairs, Table.4.6)

- Considerable investment in training and development of management is required in order to achieve the necessary cultural and practical changes to facilitate devolution.

6.3.2 Administrative expert

An important pre-requisite in implementing a more strategic approach to HR is putting in place appropriate and effective HR policies and procedures. In this context, 'appropriate' means that a full complement of personnel procedures, adapted to the specific circumstances of the individual department, has been formally drawn up and communicated to staff. 'Effective' implies that procedures are reviewed on an ongoing basis to ensure that they achieve their intended objective.

According to Ulrich (1997, p.47), and as discussed in Chapter 2, for HR to be effective does not simply involve moving from operational to strategic work. Rather, it means 'learning to master both operational and strategic processes and people'. In other words, if the basic HR processes and administrative activities, for example performance reviews, disciplinary procedures, even the accurate recording of leave, are not in good order, no strategic contribution is likely to prove effective. Furthermore, there is a distinct danger of frustrating managers who are being asked to implement changes without the appropriate support, and alienating staff, who will be quick to note any inconsistency in the manner in which HR procedures are applied due either to the absence or inadequacy of procedures.

Across the civil service there remain critical gaps in this regard. In order to progress this aspect of HR, this report recommends that departments carry out an audit of their personnel function, as detailed in Section 4.3.1. This will help to identify aspects of the HR brief that remain underdeveloped. In addition, and based on the findings of surveys in some of the departments discussed in Chapter 4, greater emphasis needs to be placed on effectively communicating to all areas of a department the function and responsibilities of personnel/HR units.

In summary, developing the administrative expert aspect of the HR role requires that the following issues be considered:

- An audit of the personnel function (i.e. a review of what services personnel delivers, how they are delivered, whether it is appropriate that they are delivered by personnel, how might delivery be enhanced etc) represents a useful starting point for personnel units that are unclear in relation to what aspects of HR are under-developed or what their priorities should be.
- While many aspects of personnel policy are determined by the Department of Finance, departments need to adapt these procedures to their own organisations (e.g. how is the civil service gender policy to be implemented in our department; what are the arrangements in respect to probation reviews; what is the mobility policy etc). An urgent priority for all departments is therefore to determine how and when department specific HR policies and procedures will be developed. As noted above, the implementation of a comprehensive HR infrastructure is a prerequisite in adopting a more strategic approach to HR. In addition, having a full range of HR policies and

procedures is an important factor in devolving responsibility for staff management to line managers.

- A consultative approach is desirable in determining specific departmental HR policies and procedures. While time-consuming, the resulting policies are generally robust, workable and widely supported. Appropriate mechanisms to facilitate this process (e.g. the establishment of partnership sub-committees or 'single-issue' working groups) should be developed.

- The development of appropriate grievance and discipline procedures and guidelines on tackling under-performance are an urgent priority. While the Department of Finance is currently examining the area of under-performance, there is no reason why departments cannot unilaterally develop their own procedures. The absence of formal procedures in relation to these key areas in many departments results in incidences of this nature being poorly managed and/or absorbing considerable personnel resources.

- A strategic approach to HR and devolution to line managers is critically dependent on a modern, integrated IT system. HRMS (the new civil service HR software) offers significant benefits in respect of record keeping and personnel administration, which will greatly facilitate a more strategic approach to HR. However, a number of the departments surveyed in the course of this research indicated problems in using the system to meet all of their own needs. This situation could be alleviated through building competence in the use of the system. In addition, the Centre for Management and Organisation Development at the Department of Finance is investigating a later edition of the system with a view to overcoming some of the gaps in the current version.

- Encouraging and facilitating staff in Personnel to study for qualifications in HR and employment law will greatly facilitate the process of developing knowledge and expertise.

6.3.3 Employee champion

An important aspect of the HR function is ensuring that employees feel committed to their organisation and are contributing fully. This is desirable both in terms of each employee's personal development and fulfilment, but also because it ensures enhanced organisation performance.

As discussed in Chapter Two, organisations that support their employees by developing effective policies based on ability, motivation and opportunity will create higher levels of organisational commitment and job satisfaction. This encourages employees to 'go the (discretionary) extra mile', for example by being better at looking after customers, better at solving problems and better at working with colleagues.

In summary, good organisations find ways to motivate people to use their skills to better effect. In this regard the key policy areas, all of which are in the domain of HR, have been identified (Purcell et al, 2003) as career development, training opportunities, job influence and challenge, involvement, appraisal processes and work-life balance. For the Irish civil service, these are by and large areas where departments can adopt a pro-active approach and ensure appropriate policies are developed and implemented. However, again drawing on the research presented in Chapter Two, it must be borne in mind that having HR policies in the requisite areas does not in itself guarantee positive employee attitudes, rather what matters is how well policies are implemented. Furthermore, it is less damaging not to have policies at all than to have ones that are not used. This is a particularly critical finding with regard to PMDS, given that several departments involved in the research phase of this study indicated that PMDS was being implemented in at best an ad-hoc manner (see above, Section 4.4.1).

The role of 'employee champion', which aims to facilitate increased employee commitment and capability is a particularly challenging one for HR, perhaps because more than any of the other roles it requires cultural change. Policies need not just to be developed but to be implemented effectively; line managers are required not just to manage successfully but also to provide leadership; and employees need to genuinely identify with the organisation and its values. For the Irish civil service each of these initiatives requires significant changes to traditional practice. In progressing this issue a number of key steps can be taken:

- Staff commitment is enhanced by strong values and an inclusive culture. While strategy statements have helped in clearly documenting the objectives of departments, greater emphasis should be placed on developing values that are meaningful and easily understood by both staff and customers (a good example is Revenue's emphasis on the twin goals of achieving tax compliance and quality customer service). These core values need to be embedded throughout the organisation and become part of everyday

working life, be relevant both internally to staff and externally to customers and be reviewed on an ongoing basis.

- Given that line managers play a key role in ensuring that HR policies are implemented successfully, a priority area for all departments is to ensure that their managers have the requisite leadership skills to manage, encourage, involve and respond to their staff. This requires a distinct programme of reforms, including training, coaching, facilitation and top management involvement, that should be considered in drawing up a policy with respect to devolving HR to line managers.

- PMDS is the performance management system designed specifically for the Irish civil service. The two key features of the system are firstly, that it requires managers and their staff to discuss performance issues on a one-to-one basis, and secondly that it emphasises staff development. PMDS was evaluated in late 2003 and, while a number of changes are likely to be made, the key point remains that the civil service needs an effectively implemented performance management system. By way of achieving this, two key recommendations are made here:

    (i) A similar standard of performance management is required across the civil service. This can be achieved by ensuring that departments implement performance management systems that have a number of consistent components (for example, individual discussions between managers and their staff, objective setting, the identification of competencies, an emphasis on training and development), while at the same time allowing greater autonomy to develop a system that meets the specific needs and circumstances of each department (see above, ESB case-study, Section 5.3).

    (ii) Departments need to put in place appropriate monitoring procedures to ensure this happens (e.g. linking its implementation in a division to the assistant secretary bonus scheme, as occurs in the Department of Enterprise, Trade and Employment).

- Developing a culture in which the career progression and development of staff is prioritised represents an important retention and motivation tool. In addition to an effective performance management system, the preparation of a training strategy and consideration of other staff development procedures, for example induction, mobility, mentoring policies, and initiatives to ensure a positive working environment, are desirable.

- Staff surveys are helpful as a means of measuring and benchmarking employee satisfaction.

- Good communication underpins the implementation of many successful HR initiatives. It is also a factor in enhancing employee commitment. Together with the change management and quality customer service (QCS) functions, HR has an important role to play in improving communication within departments.
- Developing an effective internal customer service ethos is particularly relevant for HR units – i.e delivering a service to colleagues that is consistent with the twelve Quality Customer Service Principles.

6.3.4 Change agent

Change is a normal and ongoing aspect of business but one which many employees find difficult. HR can play an important role in organisations in facilitating change, for example through monitoring and addressing resistance to change and ensuring HR and people issues are an important consideration in planning reforms. Among the departments to participate in the research phase of this report there were two major examples of change requiring significant HR involvement.

In order to better meet its business objectives the Office of the Revenue Commissioners is currently engaged in a restructuring programme to devolve greater autonomy and responsibility to local offices. With over 7,000 staff at 190 locations around the country this has had important HR implications, with changes in staffing requirements and role profiles across the organisation. HR has also played a central role in respect of the communication and training implications of the reforms. In the Department of Communications, Marine and Natural Resources, HR helped to facilitate a merger between the two sides of the department following its establishment in 2002.

A further important development, the government's decentralisation project, details of which were announced in the December 2003 budget, presents a major challenge for the departments concerned and also, to some degree, for the entire civil service. For departments where staff will be transferred the implications will encompass the full spectrum of employee relations and HR policy areas.

In effectively implementing change programmes a range of factors emerge as particularly relevant. An important aspect of the HR role is to facilitate these processes:

- Change processes need to be managed if the positive benefits of change are to overcome the forces of inertia and resistance which are common to most

organisations. This applies both to major restructuring programmes and everyday, supposedly routine, changes.

- For all change programmes, from top management level down, at least the same degree of priority must be given to people issues as is devoted to project issues.

- Senior management needs to identify and address any resistance to change that they themselves feel, as it is critical that they 'own' the change. Further requirements of senior management during a change programme include forward planning, professionalism, conviction on delivery of the message, management of expectations, openness and honesty, and outstanding communication and persuasion skills (Holbeche, 2001, p.370). Some managers may require coaching and or training in order to successfully deliver on these requirements.

- An organisation's culture or 'the way we do things around here' represents the way organisational members behave and the beliefs, values and assumptions which they share. Changing an organisation's strategy and structure is challenging enough. However, what is much harder, and takes longer to happen, is changing an organisation's culture.

- In addition to hearing about the 'big picture', staff will be particularly interested to find out the implications for their position and prospects. These concerns need to be acknowledged, identified and addressed.

- 'Reform fatigue' can be an issue in some organisations, with a perception created that unnecessary and disruptive change is continuously being 'imposed' on staff. It is therefore vital that the individual and business case arguments for reform are identified and communicated to staff. In particular, helping people to benefit from change with new development opportunities will ensure increased commitment and trust.

- Good communication is central to any successful change. Particular emphasis should be placed on communicating a strategic reason for the change (again, that it is not just change for the sake of it) and also on communicating progress during the change process.

- Listening to and involving people are essential to achieving 'buy-in' from staff.

6.3.5 Prioritising

As noted above, the purpose of this section is to identify areas which civil service departments need to progress in order to develop a comprehensive approach to HR reform. However, clearly, a degree of prioritisation is required in respect of changes to ensure an appropriate 'solution map' is developed. Table 6.1 provides an example of a framework for developing a strategic approach to HR. A series of suggested sequential stages are identified which can subsequently be refined/added to. Departments will need to identify a framework appropriate to their needs. Doing so is also desirable because it facilitates the identification of target dates and persons responsible.

Table 6.1: Stages in Developing a Strategic Approach to HR

	Task	Responsibility
1.	Clarification by the MAC[1] and secretary general of departmental business objectives (objectives in Strategy Statement may be sufficient). Progress with respect to HR reform should be on the agenda of all MAC meetings.	Secretary general and MAC
2.	The establishment of a small departmental HR committee (HRC), consisting of 2-3 members of the management team with an interest and commitment in this area, the personnel officer and other representatives from Personnel/HR Policy/Change Management. This committee is given responsibility by the MAC for overseeing day-to-day progression in respect of the HR reform agenda within the department and is also responsible for reporting back to the MAC in relation to progress.	MAC
3.	Establish a sub-committee of Partnership to address HR issues. Activities assigned to the committee may include contribution to the development of a HR strategy, input into the development of specific HR policies and procedures and the ongoing review and monitoring of the implementation of the HR strategy.	Partnership committee and chair of partnership committee
4.	An audit of Personnel: a review of the services provided by personnel, what changes are required and how gaps are to be addressed.	AS[2]
5.	Prepare a HR strategy which sets out HR objectives that are linked to the department's business objectives. The strategy should include actions, indicators and time-lines.	AS
6.	The assigning of one to two members of staff from Personnel /Change Management to HR policy work (i.e. HR policy unit)	MAC
7.	The development of appropriate HR policies and procedures in areas where the personnel audit and HR strategy have identified the absence of a clear departmental approach.	Personnel officer
8.	The carrying out of a departmental skills audit to review staffing arrangements, skills needs and succession planning.	Head of training unit
9.	The development of a departmental training strategy	Head of training
10.	The development of a departmental approach to the career progression and development of staff. This should include detailed procedures in relation to induction, performance, training, mobility, mentoring, promotion etc.	HRC and personnel officer
11.	The development and implementation of a departmental approach to the devolution of both administrative and people management aspects of personnel management to line managers.	HRC, MAC and secretary general
12.	Conduct a staff survey, in relation both to general levels of satisfaction and the contribution/service delivered by HR.	AS and personnel officer
13.	Liase with QCS[3] staff in developing a communications policy for the department. In this regard, HR has particular responsibility for communicating and promoting the individual and business case arguments for public sector reform.	MAC
14.	Liase with QCS officer in promoting high standards of internal customer service	AS and personnel officer

[1] Department management committee; [2] Assistant secretary with responsibility for HR/Corporate Services; [3] Quality Customer Service

6.4 Key issues and conclusions

The terms of reference for this study required a review of initiatives in departments that have given priority to HR modernisation, in order to provide practical guidance to the rest of the civil service. A summary of conclusions in this regard was presented in Section 6.2. However, an important sub-text is the question of why departments have been so slow to translate HR policy into practice and why there remains a lack of effective connection with the HR agenda. By way of conclusion, this report addresses these questions in two ways: firstly, the question is reversed and consideration is given to factors which appear to be consistent across departments that have progressed HR modernisation, in effect an identification of motivational factors; secondly, a number of overarching recommendations are made with regard to the operation of HR in the Irish civil service. Finally, it is noted that with the announcement of the government's decentralisation programme, which will result in many departments having offices and staff at a range of locations around the country, strategic HR emerges as even more critical.

6.4.1 Factors driving HR reform

A number of factors appear to be relevant in considering why some departments are more pro-active than others in promoting HR reform:

- Ultimately HR reform will only happen if it is 'owned' by the senior management team. This implies the engagement of the management committee with the strategic and developmental aspects of HR, rather than considering HR solely in the context of headcount and IR issues.
- Vision and leadership are critical. It is important to note that these are not necessarily the same thing or embodied in the same individual. Vision implies that within a department key members of the senior management team understand why HR is critical to organisation performance. At the very least this requires that the assistant secretary with responsibility for HR is fully committed to HR reform and can communicate the role it should play in achieving business objectives to colleagues. Leadership implies that the secretary general is responsible for ensuring that the recommendations detailed in Section 6.2 are implemented.
- In a number of cases it would appear that external pressures, for example pressure to improve performance (Office of Revenue Commissioners), or a period of upheaval, for

example following a merger (Departments of Arts, Sport and Tourism and Communications, Marine and Natural Resources), led to a degree of crisis that obliged departments to become more aware of HR and people management issues with resulting positive outcomes.

- The availability of resources (e.g. Change Management units or HR Policy units) to develop and implement policies emerges as critical, in particular in larger departments. In other words, having 'someone driving it'. Related to this is the desirability of having key managers with professional qualifications in HR/strategic management.

- The morale of the HR unit, and this is linked to the resource issue, appears to be relevant to attitudes and commitment to HR modernisation. Well resourced HR units, staffed by people with relevant competencies and the authority to make decisions, together with leadership from top management and a clear programme of action, will naturally prove more effective than inadequately staffed units, under pressure to fulfil the administrative aspects of their role and without any real sense of purpose.

- A heightened awareness of the need for a more professional approach to doing business has emerged in the civil service in recent years, in part due to the increasing demands and expectations being placed on government departments. This in turn points to the need for a more modern approach to HR and the need to learn from good private sector practice.

- There is a growing appreciation that a more strategic approach to HRcan facilitate the development and retention of quality employees, which is particularly important in the current climate of staff cut-backs.

- The development of work-life balance opportunities, whereby all staff are no longer at their desks five days a week from nine to five and the implications this has for resourcing, has led some departments to develop a more strategic approach to staffing.

- A successful and committed approach to partnership has facilitated the development of HR strategies. It is also critical to the ongoing monitoring and review of their implementation.

6.4.2 Decentralisation

The government's decentralisation programme, announced in December 2003 (after the drafting of this report), will have a major impact on the civil service. HR must be at the heart of the initiative if it is to prove effective. In practice, this requires that, from top management level down, the same degree of priority must be given to people issues as to project issues, and that HR units play a central role in managing the process.

In effect, decentralisation makes it all the more important that the civil service modernise its approach to HR. Fulfilling each of the roles of strategic HR – strategic partner, administrative expert, employee champion and change agent – is even more necessary in the context of a department based around a number of locations.

While considerable research and planning will be required in relation to the impact on staff of decentralisation, this report recommends as a critical first step the development, both centrally and at department level, of specific strategies outlining how the HR implications of decentralisation will be identified and addressed. In particular, the devolution of authority and responsibility for many HR issues to line-managers, while already a key part of the HR agenda, is essential in situations where the delivery of services is decentralised.

6.4.3 Some overarching recommendations

The operation of HR in the Irish civil service is distinguished by two key characteristics: the vast majority of staff are recruited centrally to 'positions for life' and the development and implementation of HR policy remains highly centralised. In this respect Ireland is similar to only a small number of OECD countries. For most countries, while human resource policy making remains largely centralised, implementation of those policies has, to a greater or lesser degree, been devolved to departmental managers.

A key objective of *Delivering Better Government* (1996) and successive national agreements has in effect been to move towards a more decentralised system of implementation. Forthcoming legislation in relation to recruitment and the discipline/dismissal of staff will give greater autonomy to individual departments. However, the findings of this research indicate that in the main departments still see HR policy making as the remit of the centre, while in relation to implementation there is a degree of ongoing tension. At one level, though this varies according to size and resources, departments still appear to require that certain functions be filled by the centre, and that ongoing support is provided in relation to the implementation of HR policies and procedures. However, at another level they appear frustrated by the centralised nature of the system, with examples ranging from the overly prescriptive nature of PMDS; delays in receiving guidance in relation to issues like tackling underperformance; and inability to obtain staff with particular skills or experience.

Research carried out by the Economic and Social Research Institute (2003)8 indicates that people working in the Irish public sector are more satisfied with their employment and more committed to their organisation than their private sector counterparts. These results contrast with the low levels of morale found among UK public sector employees, reported in Chapter Two. It would be wrong to infer that the reason for this is simply the UK's move towards a strongly position-based system of employment and a devolved approach to HRM, as many other factors are also relevant. However, recent OECD research (Matheson, 2003) is increasingly emphasising the factors which distinguish the public from the private sector, and seeking to explore the implications of this for public sector employment and the organisation of human resource management.

The OECD paper referred to above concludes by referring to the dilemma faced by modern public management systems in bringing more market pressures to bear while maintaining cultural cohesion. While clearly HR is at the heart of any response to this question, the nature of such a response is far from clear, with the OECD paper noting that 'this important debate is at a relatively immature stage' (p.12).

For the Irish civil service a degree of debate, informed by further research, would appear to be desirable in relation to HR reform. This would facilitate reflection on the overarching recommendations of this report, noted below in a hierarchical manner, and also provide an opportunity to consider the wider issues raised by the OECD research.

For the civil service
- To reflect the debate happening at an OECD level, the Irish civil service needs to consider the dilemma of how to modernise civil service structures and practices to meet ever increasing knowledge and skill demands and ensure a more professional and efficient delivery of services, while at the same time maintaining a distinct public service ethos, which is a critical factor in the motivation and commitment of staff.
- Strong leadership is required from senior managers who are motivated and capable of meeting the high performance demands of a modern department while maintaining a wider cross-government culture. Conviction in relation to the role HR can play in enhancing organisation commitment and productivity is central to achieving this goal.
- There is a need for greater clarity in relation to the organisation and direction of HR within the civil service, with the announcement of details of the decentralisation programme adding further to a sense of uncertainty. Articulating a HR strategy for the

service as a whole is necessary in order to set out a clear approach in relation to future structures and systems and a framework in which to address the following recommendations:

(i) There is a need for the centre to adopt a more pro-active approach with regard to overall HR strategy; in other words, to take responsibility for managing HR assets and liabilities that are civil service wide, for example senior management development, succession planning and the determining of standards with regard to the delivery of HR. In this regard, consideration should be given to recruiting professional HR specialists, as allowed for and envisaged by the *Public Service Recruitment and Appointments Bill.*

(ii) The slowness of many departments to adopt a pro-active approach with regard to HR reform indicates that some form of corporate/central support is needed to facilitate them in developing and implementing HR policy. Within the local authority system, the Local Government Management Services Board was established under *Better Local Government* (1996) in order to provide local authorities with comprehensive advice in relation to HR and IR issues; to tailor national issues to the needs of individual organisations; and to facilitate the sharing of good practice. There is no equivalent for the civil service. Consideration needs to be given to establishing a similar resource within the Personnel and Remuneration Division of the Department of Finance.

(iii) A key finding of this report is that HR units across the civil service are primarily delivering an administrative service and lack the strategic focus necessary to 'add value'. While devolving some of the day-to-day employee relations tasks to line managers will improve this situation, consideration also needs to be given to the establishment of a shared services unit to deal with the general range of administrative services delivered by HR. Such an approach, which could either be part of the civil service or outsourced, would benefit from economies of scale and pooled expertise, while freeing-up departmental HR units to concentrate on more strategic tasks (see ESB case-study, Section 5.3, p.58).

- HR has become an increasingly specialised function. Consideration should be given to developing specific career opportunities or paths (for example from a small to a larger department or to the Personnel and Remuneration Division of the Department of Finance) for those staff working in HR who might wish to progress their careers in this area. Also, as provided for under the forthcoming recruitment legislation, there is a

need to recruit HR professionals with experience of implementing strategic HR to key positions related to the development of HR on a civil service wide basis.

- Some form of sanction, as is now possible via the Sustaining Progress Performance Verification Group, may be required for departments who fail to meet their obligations in relation to HR reform and consequently towards their staff and other stakeholders.

For individual departments

- HR in departments remains underdeveloped. In several respects HR units are not fulfilling all aspects of the *Multiple-Role Model for HRM*. Ensuring that the extensive list of recommendations detailed in Section 6.2 are implemented must be a priority for all secretaries general.

- Putting in place appropriate HR policies and procedures, while important, will not automatically bring about the cultural change required for strategic HR. The secretary general, together with the management committee, needs to be seen to 'own' and 'drive' HR reform within departments. Two key tasks in this regard are (i) ensuring that HR policies are developed and implemented, bearing in mind that having HR policies that are not followed through is more damaging to morale than not having the policies at all; and (ii) ensuring that all managers have the competencies required to implement HR policies and procedures.

- All departments need to develop a comprehensive approach to administrative and people management devolution, with, as noted above, the advent of decentralisation giving this task an added urgency. As noted in this report, line managers play a key role in 'bringing HR policies to life' and therefore critically influence staff commitment and motivation. From top management level down there needs to be engagement and commitment with this process.

For HR units

- The need to attract and retain high quality staff is critical to meeting the high performance demands of modern government. This report has emphasised that developing effective policies in relation to career development, training, job influence and challenge, involvement, appraisal processes and work-life balance is central to organisation commitment and productivity. For HR units to be in a position to develop a strategic approach to these areas, staff need to be freed of responsibilities in respect of administrative HR.

- HR units need to address the lack of clarity within departments in relation to their function. They need to communicate to their colleagues that their role is to develop a strategic approach in the key areas noted above, with the aim of enhancing organisation performance, rather than the provision of equipment, the monitoring of flexi-time and the filling of vacancies, which in many departments is the current perception of their role.

6.5 Concluding comments

The increasing knowledge and skill demands of modern government, the interconnectedness of key public problems and the expectations of customers and stakeholders requires every increasing levels of effectiveness and performance across the civil service. Developing a strategic approach to HR increases staff motivation and commitment, which in turn leads to enhanced productivity. While the implications of such an approach are wide-ranging, in essence it is about implementing effective people management policies. However, in order to prove successful, the implementation of strategic HR, while facilitated by the HR function, cannot remain within the domain of HR. Senior management, leading by example, must be committed to and accountable for the strategic HR agenda, while managers throughout the organisation are responsible for its delivery and effectiveness.

Appendix One
Towards a Strategic HR Agenda

The aim of strategic HR is to integrate HR objectives with business strategy. However, translating this overarching HR aim into specific objectives can prove challenging. Holbeche (2001, p.23) gives a range of examples in respect to the types of goals that might be prioritised in an organisation's strategic HR agenda:

- The attraction, development and retention of talent. This may mean competing for the best employees through developing innovative approaches to careers and rewards.
- Quality of management is also critical. This may mean introducing tough and effective assessment and development processes to ensure that an organisation has the leadership it needs.
- The enabling of high performance is a further key target. This involves understanding how high performance is built and sustained, as well as identifying and eliminating barriers to high performance. This will probably involve addressing those aspects of organisational life which have an adverse effect on people's motivation.
- The biggest item is also the most diffuse: creating and building organisational climate and cultures which support what the organisation wants to do. This will also involve identifying the new aspects of behaviour and practice which will need to be reinforced through reward and recognition.
- Finally, HR must reform itself. This requires developing a specific skill set. An ability to manage change and take a long-term view are core aspects of strategic HR, but so too are a real understanding of the business and an ability to reflect that in actions. Consultancy skills are also important – project management skills and an ability to work effectively in cross-functional teams. Finally, to be an effective HR business partner requires an ability to influence, to lead and to build ownership, and to be able to recognise the circumstances in which each of these processes is required.

The above requirements are effectively summarised by Ulrich's (1997) domains of strategic HR:

- strategic partner
- administrator

- employee champion
- change agent.

Holbeche (2001) also makes a number of practical suggestions in relation to how the goals described above can be translated into actions. Based on focus group work carried out at Roffey Park9 she describes the core tasks of strategic HR as:

- supporting the business objectives of the firm by timely, intelligent and common sense HR activities and planning
- looking at what the organisation needs to deliver (medium and long-term)
- ensuring that the organisation has the right staff (skills, knowledge, motivation) to deliver
- creating flexible, broad business people
- thinking the big picture
- developing integrated policies and processes
- communicating clearly to people about the things which affect them
- creating a cohesive framework/common company language
- acting as internal change agent – with an eye on strategic business plans and organisational effectiveness
- making uncertainty manageable.

Participants in the focus group also had a strong preference for how HR should operate in delivering on the above:

- simple rather than sophisticated
- business focused
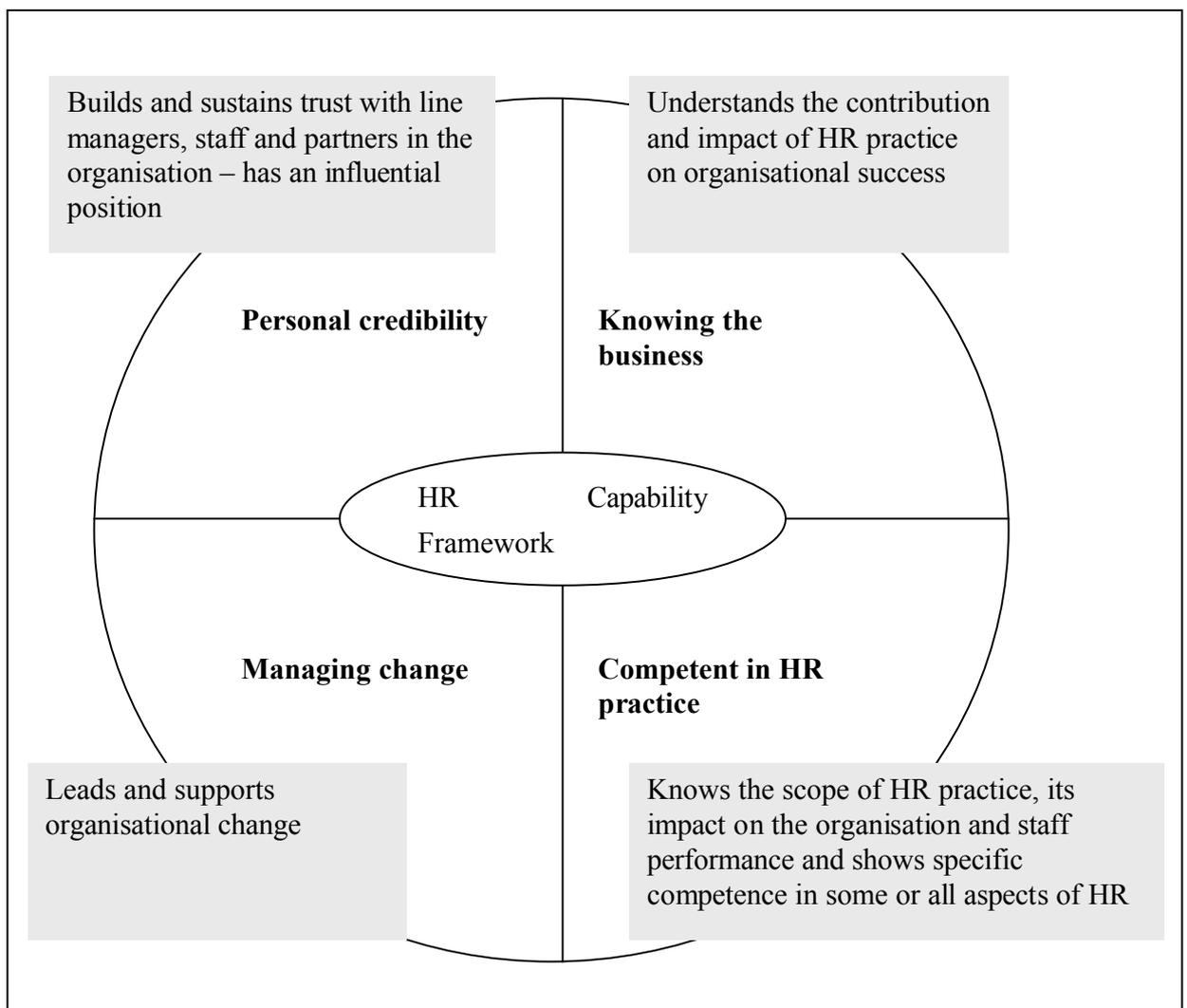- human!
- making a difference.

Effectively what Holbeche argues is that lack of preparedness within the organisation is not an excuse for HR units to fail to consider strategic HR. Rather, what is important is that they gauge both their own and the organisation's actual needs in order to adopt a more strategic approach. For example, does the HR unit have the core competencies, culture, systems and processes, working practices and human skills to achieve its objectives? Appendix Four provides a range of checklists, which Holbeche suggests might form the basis of this kind of HR team self-assessment.

Appendix Two
HR Capability Framework – UK Cabinet Office

The Learning Strategy Division of the UK Cabinet Office is in the process of developing a HR Capability Framework (HRCF) for the civil service. The purpose of the framework is to set out a vision for effective HR across the civil service while also acting as a tool in achieving that vision. The framework is based on Ulrich's *Multiple Role-Model for HRM* and draws on similar projects in the Australian public service and a number of private sector companies.

A HR Capability Framework for the UK Civil Service

Builds and sustains trust with line managers, staff and partners in the organisation – has an influential position

Understands the contribution and impact of HR practice on organisational success

Personal credibility

Knowing the business

HR   Capability
Framework

Managing change

Competent in HR practice

Leads and supports organisational change

Knows the scope of HR practice, its impact on the organisation and staff performance and shows specific competence in some or all aspects of HR

Courtsey of UK Cabinet Office Learning Strategy Division - DRAFT

It is intended that the HRCF will drive up the competence and confidence of HR practitioners in the UK civil service. The framework can be used in a variety of ways, by both HR individuals and teams: as a development tool, a performance improvement framework and as a continuous professional development framework.

As shown in the model above, the framework has at its core four broad capabilities, each underpinned with a set of competence statements. These competence statements are drafted in behavioural terms and are potentially of use across most grades of HR staff and in most HR roles. They can also be 'customised and contextualised' to reflect different or additional performance measures as, for example, indicated below in respect to the 'Knowing the Business' capability.

Statement of Capability: Competent in HR practice

Definition: Knows the scope of HR practice, its impact on the organisation and staff performance and shows specific competence in some or all aspects of HR.

Standards and Indicators

Able to describe the added value from HR for the organisation
- Articulates the role of HR in the organisation
- Evaluates HR work programmes and shares outcomes with stakeholders
- Seeks customer (satisfaction) feedback to inform continuous improvement
- Critically reviews HR processes to ensure value for money
- Benchmarks performance against best practice

Understands and accesses current best practice in HR
- Keeps abreast of changes in the legal and regulatory requirements
- Participates in development activities

Recognises and supports the role of line managers and other partners in the organisation
- Articulates the role of line managers in people management
- Provides coaching and advice to line managers on specific HR people management issues
- Supports effective employee relations through dialogue and debate with staff representatives
- Uses external customer feedback in reviewing HR practices

HR practice is aligned with organisational values
- Acts as a clear role model for the organisational values
- Provides advice that is transparent and consistent with organisational values
- Tackles sensitive and difficult issues with confidence
- Remains accountable for outcomes in the face of criticism or failure

Continually builds HR expertise
- Identifies sources of expertise

- Shares experience and learning with team colleagues
- Adapts HR work programmes, processes and systems to reflect current best practice

Develops appropriate HR responses to support organisational goals
- Creates options for consideration
- Recognises the impact of prevailing culture on HR responses
- Develops buy-in to HR responses
- Monitors and evaluates HR activities to ensure they support organisation goals

Understands financial and budgetary issues
- Is able to use budgetary information to support the HR planning activities
- Can develop a business case to support HR work programmes
- Articulates the financial implications of HR decisions and risk analysis
- Demonstrates broad understanding of the financial regime in the business

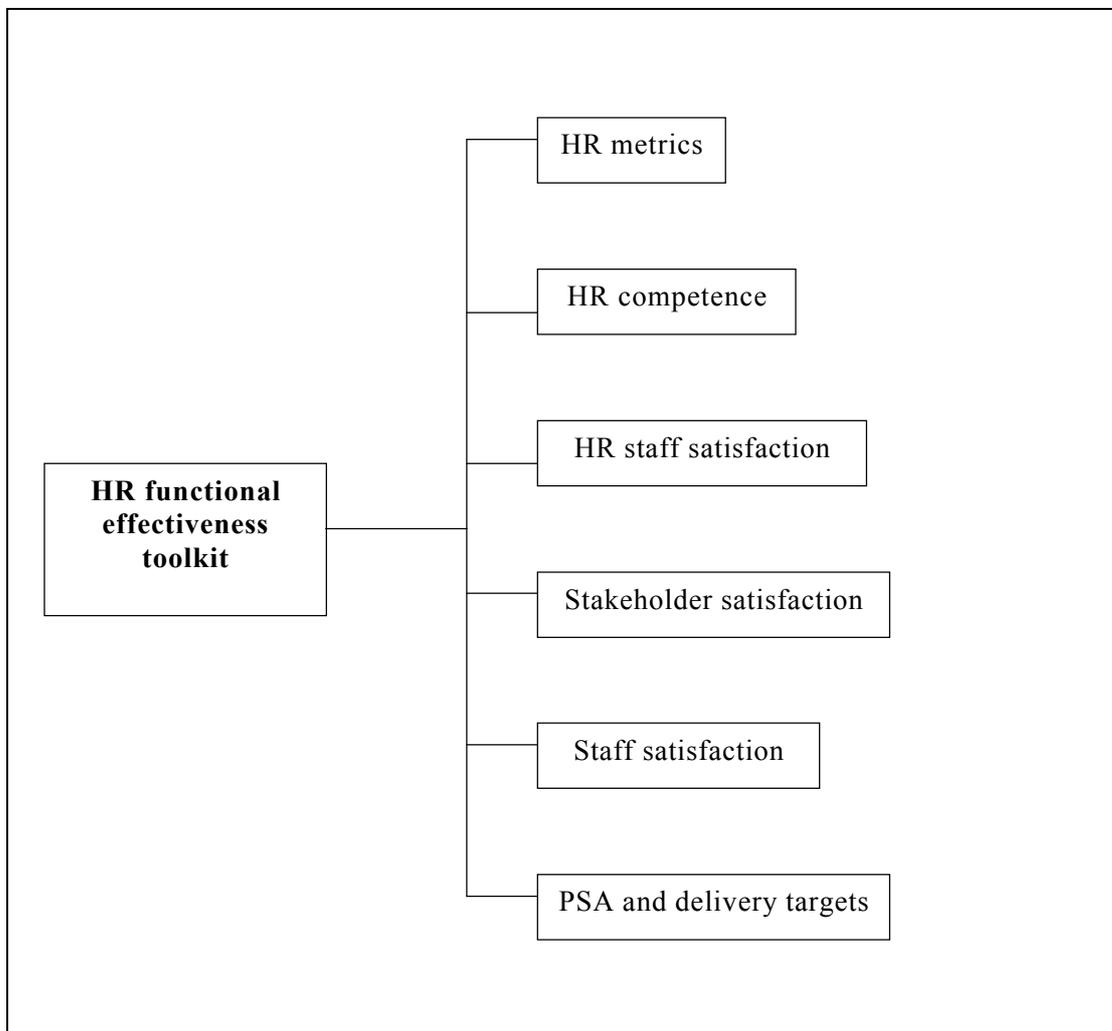*Courtesy of UK Cabinet Office Learning Strategy Division, 2003. DRAFT*

Appendix Three
HR Effecitveness Tool-kit - uk Cabinet Office

The *HR Capability Framework*, detailed in Appendix Two, is part of a wider HR modernisation initiative being developed by the Cabinet Office, to ensure that HR personnel develop the skills and competencies required to deliver a professional, effective and pro-active service, linked to business objectives.

The component parts of the *HR Effectiveness Toolkit*, which are currently being developed and/or piloted are shown and explained below.

Component Parts of the HR Effectiveness Toolkit

Courtesy of UK Cabinet Office Learning Strategy Division, 2003

- *HR metrics:* A range of quantitative statistics and benchmarked measures which show the impact of HR, including, for example data on absence, turnover, HR staff ratios, training days etc.

- *HR competence:* Encouraging staff working in HR to study for HR qualifications

- *Staff and stakeholder satisfaction:* Measuring both the job satisfaction of employees working in HR and also levels of satisfaction among colleagues and customers on an ongoing basis through surveys

- *PSA and delivery targets:* UK public service delivery agreement targets, i.e. key performance indicators. This component ensures that the links between HR reform and the achieving of business objectives is maintained.

Appendix Four
HR Team Self-assessment Checklist

Expectations of the role of HR

- What business are we in? What should we be in? Who are our customers?
- How do our customers perceive our services?
- What are managers' and employees' expectations of HR?
- In reengineering processes, what are the implications for roles and responsibilities of HR professionals?
- In what ways can managers and HR specialists work more closely to link strategy and personnel practice?
- If we had fewer services, do we know what trade-offs our customers would be willing to make?

Changing the focus of HR

- Where are we now in terms of our HR function?
- How much does IT play a part in our overall HR strategy?
- Who will champion reengineering efforts?
- In what ways will reengineered processes be superior to existing ones?
- In moving from operational to strategic, how should the gap be filled, and by whom?
- If we devolve aspects of HR to the line, how do we maintain consistency?
- How should line managers be prepared for their role?
- What should we offer?
- What new competencies and skills do we need?
- What flexible practices will enable us to shift from operational to strategic?

The influence of HR

- Is HR represented on the management board or involved in actually devising the HR strategy?
- Will the organisation give a higher or lower priority to managing people in the next five years?
- If the priority will be lower, what impact will that have on retention of key people?
- If we change what we do, which process would we begin with?

- How will we minimise resistance to change?
- How shall we deal with managers who cannot make the transition?
- Which body makes the strategic decisions in practice?
- How does that body receive information about, and take decisions on, managing people? How is HR involved?

Appendix Five

HR Related Modernisaton Outputs and Chronology

1994	-	SMI launched
	-	Inter-departmental committees of assistant secretaries established on SMI themes
1996	-	DBG published
	-	6 working groups formed (HRM, financial management, IT, quality customer service, openness and transparency and regulatory reform)
	-	SMI/public service modernisation unit created in Department of the Taoiseach
	-	*Partnership 2000* National Agreement
1997	-	Public Service Management Act
	-	SMI Implementation Group established
	-	Hay report on the design and implementation of new performance management structures
1998	-	Partnership structures agreed
	-	Consultation with civil service unions begins on implementation of performance management
	-	Partnership committees commence work in departments
	-	Employment Equality Act
1999	-	New, enlarged SMI Implementation Group formed
	-	Change Management Fund established
	-	*Programme for Prosperity and Fairness*
2000	-	Performance Management and Development System (PMDS) launched
	-	Equal Status Act, 2000
2001	-	Gender equality policy for the civil service launched
2002	-	Independent evaluation of SMI published
	-	Diversity in the civil service policy launched
2003	-	*Sustaining Progress*
	-	The Public Service Management (Recruitment and Appointments) Bill
Forthcoming	-	Reform of the Civil Service (Regulations) Act, 1956
	-	An independent evaluation of PMDS

Adapted from Murray, 2001

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Department of Communications, Marine and Natural Resources

Department of the Environment, Heritage and Local Government

Office of the Revenue Commissioners

Department of Social and Family Affairs

Department of the Taoiseach

Notes

1 The top six companies in respect to HR in the People and Performance Project (Purcell, Kinnie and Hutchinson, on behalf of the CIPD, 2003) were a notably diverse group. In alphabetic order they were AIT, Jaguar Cars, Nationwide Building Society, Oxford Magnetic Technologies, Selfridges and Tesco.

2 Interview 25 April 2003.

3 For a detailed list of 'year two' issues in respect to PMDS, see the Report of the Subcommittee of General Council on the Introduction of the Performance Management and Development System (Report 1368), Section 2: Overview of Implementation Process and Future Development.

4 The restructuring programme has resulted in Revenue being organised around its customers rather than taxes. Managers are now responsible for all the needs of groups of taxpayers on a regional basis, rather than individual taxes. The new approach will facilitate clarity of accountability and responsibility. In order to ensure ongoing consistency, networking and learning across divisions, an Operations Policy and Evaluation Division has also been established

5 The Manpower Advisory Service, which has three staff, is part of the Organisation Development Branch (part of Strategic Planning Division), which also includes the Organisation Development, Change Management and Value for Money units. Revenue regard it as critical that organisation development and manpower planning happen in conjunction with each other. The 'Blue Book' recommended the merger of HR and Strategic Planning; however, at least in the short-term, it is not envisaged that this will happen.

6 Research conducted by the MAS and the outcome of the skills audit have not resulted in staff based in areas that are over-resourced being transferred involuntarily. However it has enabled Revenue to establish what is known as the Board's Discretionary Force. This provides the management committee with staff resources for special projects as required, and its existence also acts as a powerful and objective credibility test in respect to staffing requests.

7 For a detailed discussion of these issues, and in particular the importance of consistency across policy, procedures and practice, see *Career Progression in the Irish Civil Service*, O'Riordan J. and Humphreys P., CPMR Discussion Paper No. 20, 2002.

8 Aspects of the Public Sector Workplace in Ireland, Report of Work in Progress on behalf of the National Centre for partnership and Performance, ESRI, 2003

9 Linda Holbeche is Director of Research at Roffey Park, a UK research and training organisation for managers.