

Abstract

This article charts the currents in public sector reform and examines how contemporary HRM articulates to the change agenda pursued in the public sector. It notes the differences between the traditional bureaucratic model and the new management approach of public sector operation and activity. It explores how the institutional, policy and organizational changes delivered a new paradigm of managing members of public service organizations.

Key words

Human Resource Management, Public Sector Management

HUMAN RESOURCE MANAGEMENT IN THE PUBLIC SECTOR

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INTRODUCTION

This overview of Human Resource Management (HRM) in the public sector establishes that HRM is a major influence in public sector change. The bureaucratic and the management models of public sector operation and activity are compared to discern the ways in which employment and organizational issues are conceptualized in each model. The manner in which the institutional, policy and organizational changes impact public sector employment and conditions of service is explored.

While changes to the public sector over the past two decades have had a significant impact on employees of public sector organizations and the conditions under which people work, there has been scant attention afforded to the specific field of Human Resource Management research and academic inquiry in relation to the public sector. Moreover, contemporary HRM texts often disregard or give only cursory acknowledgement of HRM within the public sector, relying instead on appropriating a business model of firms as the general context for HRM scholarship.

The article begins by defining and detailing the scope and features of HRM. The article proceeds by describing and examining the traditional model of public administration and then moves on to consider the place and function of personnel within this bureaucratic model. The emergence of the contemporary model of public management is traced to demonstrate the scope and character of public sector reform. The articulation of HRM and public management accords with efforts to develop a systematic response to reform and restructuring initiatives in the public sector through achieving greater staff and operational efficiencies together with cutbacks to government expenditure. The applicability of HRM to the public sector is examined and discussed.

HUMAN RESOURCE MANAGEMENT

Human Resource Management has as its central focus, 'managing people within the employer–employee relationship' and involves marshalling the productive capacity of an organization's members (Stone 1995: 4). Stone suggests the domain of HRM covers the 'acquisition, development, reward and motivation maintenance and departure' (1995: 10–13) of employees and typical areas of concern include HR planning and capability audits, recruitment and selection of employees, skill development and training, career progression, performance appraisal, formulating employment conditions and compensation and reward. Further, Wright and Ferris (1996) add that HRM is concerned with understanding and interpreting the legal framework and context regulating conditions of employment and employment relations.

In addition, however, effective Human Resource Management is argued to deliver competitive advantage to firms (Walker 1992). The ability to achieve this advantage in a rapidly changing and dynamic environment has further extended the focus of HRM to

include developing organizational capacity to adapt to changing environmental contingencies (Wright and Snell 1998). In this way, the effective deployment and management of people within organizations is purported to be a powerful tool to respond to complex and turbulent environments and achieve superior organizational outcomes.

The applicability of HRM to public sector organizations, then, is clearly established. Public sector organizations need to hire, develop and train employees, and establish payment systems, set conditions of employment and develop a coherent set of employment policies. However, the particularity of the public sector with a focus on public interest outcomes rather than private interests may add a layer of complexity that does not easily fit with HRM as a strategic partner in achieving organizational competitiveness and business outcomes.

A traditional model of the public sector

The application of HRM principles within the public sector displaced the traditional model of personnel administration. HRM in the public sector was argued to have been introduced when the sector experienced a shift from a 'rule-bound' culture to a 'performance-based' culture (Shim 2001). The adoption of HRM paralleled the extensive public sector managerial restructuring and reform programme. Managerial objectives of greater efficiencies are argued to be achieved through effective human resource practices offered by adopting HRM principles (Kramar 1986). The adoption of New Public Management (NPM) then may have opened the possibility of managers acquiring or developing sophisticated HRM techniques. Thus, NPM principles allow a more flexible and responsive approach to questions of recruitment, selection, retention, training and development of public sector employees.

The public sector developed a distinctive approach to HRM over time and featured many innovations that delivered significant rights and entitlements to employees. The public sector has been perceived as the 'model employer' and conditions of service have been at the forefront of employment reform and innovation. The notion of the model employer encapsulated the principles of best practice and was argued to set an example to the private sector in terms of fair treatment of employees and providing good conditions of service including high levels of job security, superior leave entitlements and generous pensions (Black and Upchurch 1999: 506).

In the traditional model of the public sector, a bureaucratic employment policy matched the operation of Weberian practices and principles of rule-governed rational action. The administrative system was subjected to a bureaucratization of procedures to ensure that decisions and actions were consistent, formalized and systematically addressed activities through a pre-defined application of rules and processes. Aspects of a rational-legal bureaucracy that reflected concern with employees and their administration included specialization through functional responsibility, formalized

rules to prevent arbitrary dismissal, a reliance on organizational position to confer authority, selection by merit and, generally, a career service (Schroeder 1992).

In this setting, the employment system was highly centralized and run by powerful central agencies that were responsible for all the hire decisions, setting establishment numbers and formulating rules for employment, training and career development (Alford 1993). Employment in the public sector was based on the notion of a 'career service' of security of tenure and lifelong employment and was framed through the operation of an internal labour market (Gardner and Palmer 1997). Employees were recruited to the public service at the lower ranks of departments and promotion to higher-level positions was restricted to internal public sector applicants, unless the position was highly specialized.

The public sector had service-wide remuneration and conditions, so that variation on the basis of performance was not allowed; payment was based on the job or position. Job positions were narrow, specific task-based and highly routinized, and administration was developed according to Tayloristic work practices of separating constituent elements of work to achieve economies of scale. Strict seniority or length of service was the basis for promotion.

This unitary system came under pressure through financial crisis and a keenness for governments to contract their services amid mounting criticism of 'big government' (Shim 2001). The demands for a new approach to management that allowed greater flexibility in dealing with staff issues were based in the rhetoric of the need for greater responsiveness and efficiency.

A new model of public management

The introduction of New Public Management with an emphasis on transferring private sector management techniques into the public sector shifted the emphasis in the public sector from administration to management and was part of a broad strategy to achieve efficiency, effectiveness and quality of service. Changes to the public sector were introduced in response to the perceived need to reduce government expenditure, provide more efficient services and decrease the scope and reach of government-provided public goods and services (Weller 1996: 2). Elements of NPM included managing for results, performance measurement, corporate planning, user pays, devolution of authority, decentralization of activities and risk management.

Managerialism under a NPM model involved the application of physical, financial and human resources to realize government objectives. The new model of public management is argued to be a 'flexible, market-based form' (Hughes 1994: 1). The rhetoric of New Public Management denoted it as the 'arts of private sector management' extended into the public sector (Gray and Jenkins 1995: 80). These new business practices also embraced new ways of managing public sector employees. Thus human resource management was included in the public sector reform agenda.

Traditional notions of a career service, stable and lifelong employment and service-wide employment conditions were challenged by New Public Management principles and practices.

HRM in the public sector

Public sector HRM has been characterized by the creation of more flexible structures and processes, the removal of highly centralized agencies and service-wide consistency of rules and greater responsibility accorded to line managers and supervisors in the management of employees through flatter management structures and programmes of decentralization and devolution (Gardner 1993; Gardner and Palmer 1997; Shim 2001). At the job level, broader and multi-skilled jobs were introduced. There was also a greater concentration on performance and output measures.

The new models of HRM in the public sector introduced the notion of human resources having the capacity to achieve performance outcomes in line with the strategic direction of the public sector organization (Gardner and Palmer 1997). With this orientation, there was an emphasis on securing and retaining staff who could achieve desired outcomes and, along with this focus, a dismantling of the internal labour market and little or no commitment to maintaining job security. The human resource system relied on performance management for workforce flexibility and productivity.

The new system however, has been criticized for the resultant erosion of employment conditions and opportunities for career development. Large-scale downsizing and contracting out has also arguably contributed to poorer quality of service delivery. With the major changes and reforms to the public sector under NPM, there has been a dilution of some of the practices and conditions that have traditionally set the public sector apart from other organizations in the private and non-profit sectors. The consequences of adopting NPM practices and principles were argued to have meant a cutting back of employees' benefits and wages, staff reductions and changes in organizational culture and structure (Black and Upchurch 1999).

It is also clear that the reforms have driven changes in the way the public sector interacts with and shapes relations with external organizations. Contracting out and competitive tendering have delivered new models of market-based service delivery (Klijn 2002). Accordingly, the changing nature of government delivery of services has altered the nature of relations between the public sector and other sectors, particularly the community sector. Greater competition between service delivery organizations and contracting out have pressured community sector organizations to respond to broader types of service delivery under conditions of competitive tendering or through contractual arrangements that specify more closely the way the human resources are deployed to deliver services. This has meant greater expectations on the part of government funding bodies in relation to community organizations for ensuring better

structural organization and more skilled human resources to deliver services (Brown and Ryan 2003).

The changing dimensions of public sector employment indicate that HRM has had a major impact on the operation of the public sector. The contribution of human resource management to understanding the constituent elements of the 'new' public sector is significant. New Public Management has a place on centre stage in terms of affecting the agenda for change. Multiskilling, restructured career paths, abolition of seniority as a basis for promotion, greater emphasis on equity considerations and the removal of rigid employment categories have been some of the benefits of shifting from personnel administration to HRM in the public sector (Brown 1997).

Emerging new concerns in relation to new directions and approaches for HRM in the public sector centre on the organizational effects of ever-increasing levels of technology, changes in population patterns affecting labour markets and new demands on management leadership. Areas of emerging concern and challenge to HRM in the public sector are the advances being made possible by highly sophisticated information technology including human resource information systems, the importance of understanding the implications of demographic trends such as the ageing population, the need for additional attention to leadership and leadership development and the greater emphasis on workforce capability and systems of knowledge management (Shim 2001). The different orientation of the public sector from the for-profit, private sector means that while HRM has commonalities across all sectors in its attention to workforce issues, HRM in the public sector will exhibit a range of differences to that of private sector HRM.

CONCLUSION

The problems besetting the public sector that ushered in NPM required more than simply maintaining a traditional context for bureaucratic action. Rising costs and the need for fiscal restraint, a loss of community confidence in the ability of government to be responsive to the community and structural change drove government and public sector leaders to seek a radically different model for operating and structuring the public sector.

The more pertinent question relates not to how appropriate is the general thrust of reform that transposes business criteria onto the delivery of public services, but what is the relevant reform direction given prevailing public sector conditions and context. Calculations about HRM as a key platform for reform can then be usefully undertaken. What is at stake is the balance between competing values about the role and purpose of the public sector and the possibility of recuperating a viable human resource model that considers both the particular character of the public service and also responds to the shifting conditions wrought by new management practices.

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