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This brief was researched and authored by the Research Division, Institute of Public Administration, Ireland (www.ipa.ie/research). The Research Division provides applied research services for policy makers in a wide range of public service organisations, drawing on an extensive network of contacts and experience gained over more than thirty years.

OTHER EFFICIENCY UNIT DOCUMENTS
The Efficiency Unit has produced a number of guides on good practice on a wide range of areas, including outsourcing and contract management. These may be found on the Efficiency Unit website at www.eu.gov.hk.
Foreword

It is an accepted wisdom that a motivated workforce produces better organisational performance. But as public managers, our hands are often tied by policy constraints such as central recruitment and standard remuneration packages. Is there something we can do to motivate our staff? The answer is certainly yes.

Drawing on overseas experiences from both the private and the public sectors, this report tells us that we need to take care of career development opportunities; provide staff with adequate training; design challenging jobs; involve and communicate with staff effectively, and with good intentions; develop fair and transparent performance measurement systems; and facilitate their work-life balance. These values and practices echo the core belief that staff are the most valuable asset of an organisation – an asset that we count on to deliver high performance.

But sound policies and work practices alone cannot guarantee a passionate workforce. Staff often look to their managers to provide effective leadership and support. This report also highlights the critical role that leaders – both the top management and line managers – play in underpinning a high performance workforce.

With rising expectations on public services, we need a competent and highly motivated workforce to achieve high performance. Though each organisation differs in its values and cultures, the common element to succeed is the willingness and determination to put in place good motivation practices.

Head, Efficiency Unit
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Executive Summary

A growing body of research suggests that the use of a combination of good management practices can improve the performance of an organisation’s workforce. These practices are often referred to as high performance work systems. Leaders can apply these work practices which, when applied in combination, produce more than the sum of their parts.

SIX KEY WORK PRACTICES

Six key work practices are highlighted and discussed in this report. Actions taken by leaders in each of these six areas, when taken together, can enhance motivation and lead to better performance and productivity in public organisations.

Career Development and Opportunities for Advancement

Two vital considerations emerge in reflecting on an organisation’s approach to career development and management: developing an appropriate and honest message and providing career development opportunities for all staff. Both these require the application of consistent policy over time to be effective. People who appear to be most dissatisfied are those whose jobs have remained the same for over two years. Conversely people whose jobs had grown in some way, albeit at the same level, seemed generally happy to stay with their current employer. What emerges as critical is the opportunity for development, through greater autonomy, varied work or opportunities to acquire new skills. While different initiatives may apply to different groups the critical point that an organisation should be aware of is that a majority of employees have expectations of something beyond just doing the job.

Training Opportunities

Training is the use of systematic and planned instruction and development activities to promote learning. There is a strong business case for affording employees the training opportunities they require. It generates enhanced levels of commitment among staff and, if based on an objective assessment of need, will result in a more efficient and effective organisation. It is important that training activities are linked to the organisation’s business strategy, address real needs, are appropriately targeted and are delivered in the best way. On-the-job developmental or ‘stretch’ assignments can often be more beneficial than formal training. These opportunities place staff in new roles or unfamiliar environments in order to strengthen skills and competencies and broaden their experience. They can be important in developing the next generation of leaders.

Job Influence and Challenge

Job design is an area that deeply influences people’s experience of work. Staff are much more likely to be motivated and committed when they have some influence over how they do their job. But job design is frequently taken for granted. Recently, the term ‘smart working’ has emerged as a means of describing the variety of ways in which employers can build
autonomy, self-control and development into jobs to pursue an interlinked agenda of employee productivity and business performance. For smart working to be effective, organisations must take time in planning and implementing the changes, ensuring that a cultural change takes place. The leadership role is crucial.

Involvement and Communication

The opportunity to contribute to decisions and have a sense of involvement and participation is valued by most employees and is linked to organisation commitment. Much of the knowledge required for organisations to be competitive is in employees’ heads and accessing this makes sound business sense. Further benefits are that employees feel more valued and the possibility of industrial relations conflict is reduced as increased cooperation leads to better understanding. Effective communication is a vital part of this process. The good intentions of leaders can be ruined and mutual trust damaged by managers who do not pass on messages, who distort the messages they are entrusted with, or who do not provide feedback from what they have been told by their staff.

Performance Management and Appraisal Processes

There are a number of particular challenges associated with developing performance management and appraisal in the public sector. Performance reviews should focus as much on performance planning and improvement as on retrospective performance appraisal. Certainly performance reviews should link into personal and team development plans and training needs analyses.

In employee satisfaction surveys, tolerance for underperformance frequently emerges as a major source of dissatisfaction among employees. However, many line managers feel poorly equipped for dealing with the situation, resulting in it either being ignored or in the underperformer being passed on to another area. In order to be able to identify underperformance, organisations need to clarify for both managers and staff what constitutes an acceptable level of performance. A central message emerging from research is the importance of managers dealing with issues as early as possible, rather than leaving them to get worse.

Performance-related pay (PRP) is a method of remuneration that links pay progression to an assessment of individual performance, usually measured against pre-agreed objectives. PRP has been increasingly used in the public sector. However, as research began to identify that PRP schemes were not delivering the promised results, the approach has been called into question. Some public organisations are now experimenting with new approaches to PRP. Rather than simply focus on the individual, some aim at rewarding group performance. Some commentators feel that such an approach is more attuned to a public service setting and has more chance of success.
EXECUTIVE SUMMARY

Work-Life Balance

Work-life balance emerges as an important area influencing employee attitudes towards their employer. Over time, the debate in relation to flexible working arrangements has evolved from the idea of assisting employees to balance work and family life to the notion of work-life balance for all. This is in response to a growing recognition of the importance of achieving an effective balance between work and other aspects of life for an individual’s health and welfare and consequently that of society in general. It is also important to consider the type of flexibility which employees want. It is often not so much reduced hours that employees would benefit from, as flexibility, for example the possibility of varying hours at short-notice to deal with whatever pressures they have outside of the workplace, or to take days off to deal with emergencies.

LEADERSHIP: THE CRITICAL SUCCESS FACTOR UNDERPINNING HIGH PERFORMANCE

In managing for high performance, putting in place good policies and practices alone is not enough. Evidence points to the role of managers in providing effective leadership and creating a supportive organisational culture as critical to bringing about enhanced performance outcomes.

Research suggests that effective public sector leaders display a number of characteristics:

- They are catalysts for change, always looking to do something better than yesterday
- They have a commitment to mission
- They have the ability to strategise, to determine the path to the vision, with objective measures along the way
- They lead by example, displaying the ability to ‘walk the talk’
- They are the keeper of the values of the organisation, the core beliefs that the organisation lives by
- They accept personal responsibility for what happens and encourage a similar responsibility among those they lead
CONCLUSIONS

In conclusion, the research outlined in this paper suggests a number of policy implications for public organisations. Firstly, in seeking to optimise the contribution which high performance work practices can make, organisations must develop policies and practices that meet the needs of individuals and create a great place to work. In particular, leaders need to focus attention on the six key practices that have greatest impact on employee behaviour. However, this does not mean simply copying best practice, as organisations must create and transmit values and culture that are unique to themselves. A clear message comes from the examples cited in this paper, and the body of evidence on which the paper is founded. Despite the constraints that operate on public sector managers, managers and staff can make a real difference with regard to performance and productivity. Managing for high performance is not a pipe dream for the public sector manager. There is much that managers can do to create a motivated and committed workforce that ultimately leads to better outcomes for the citizens they serve.
1. Introduction

A growing body of research suggests that the use of a combination of good management practices can improve the performance of an organisation’s workforce. These practices are often referred to as high performance work systems (see for example Pfeffer, 1994). The idea is that leaders can apply these work practices which, when applied in combination, produce more than the sum of their parts. Over the last two decades there has been a significant shift in thinking regarding the role that people play in the success of businesses. How the organisation relates to its staff from the day they join to retirement and the people management policies and practices it adopts have been shown to impact on employee morale and consequently on productivity.

How these high performance work practices are applied in practice is crucial to their success. During the latter part of the twentieth century many Organisation for Economic Cooperation and Development (OECD) countries went through periods of significant public sector reform. Reform initiatives were frequently based on applying high performance work practices, often referred to as New Public Management (NPM). Initiatives such as the devolution of autonomy for human resources (HR) policy to individual organisations, the contracting of out of services, reform of recruitment policy, and an increased emphasis on performance management and appraisal 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 reforms in the manner envisaged by high performance work practice 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 determine their own human resourcing affairs and grading and reward systems were rendered variable, with senior management given authority to configure these in line with business needs.

However, it is a matter of considerable concern that surveys in the late 1990s showed that employees in central government in the UK had 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’ 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 research by Guest and Conway, which was commissioned by the Chartered Institute of Personnel and Development (CIPD) to examine the state of the psychological contract in the UK public sector, would appear to raise some questions as to how best to pursue high performance in a public sector context, and...
what initiatives leaders should promote to achieve high performance. There are particular constraints and barriers that act in a public sector setting. This is a theme also examined by Bogdanor (2001). In a wide-ranging review 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 reform proposals suggest a greater emphasis on individual responsibility, holistic government implies shared responsibility. In this context, individual-based performance management systems may conflict with whole-of-government needs, unless managed appropriately.

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.’ 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, the consequent need to retain quality staff, the inter-connectedness of key public problems and the importance of facilitating strong leadership in public sector organisations.

In this respect it is important to keep in mind that, despite the centralised approach to employment arrangements that remains a core feature of many public administrations, there remains a wide range of areas where individual organisations do have the possibility of implementing employee-focused reforms likely to generate enhanced levels of motivation and productivity. The research discussed in Section 2 of this review, and a range of relevant case-studies identified in this paper serve to highlight this point. Good work practices based on strong leadership and a motivated workforce that generates higher levels of performance is an option for all government organisations.
The CIPD commissioned research on how best to achieve high 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 qualitative research in a range of British companies regarded as to the fore in respect of high performance work practices, the CIPD researchers identified the policies that seemed particularly influential in helping to generate organisational commitment. From a list of eleven policies and practices that influence ability, motivation and performance, the six key policy areas, in descending order of importance, are:

- career development and opportunities for advancement
- training opportunities
- job influence and challenge
- involvement and communication
- performance management and appraisal processes
- work-life balance

Actions taken by leaders in each of these six areas, when taken together, can enhance motivation and lead to better performance and productivity in both public and private organisations. How an organisation might go about managing initiatives in each of these areas is discussed in the remainder of this section.

CAREER DEVELOPMENT AND OPPORTUNITIES FOR ADVANCEMENT

Career progression and development are widely regarded as important retention and motivation tools. Organisations are increasingly aware that managing and developing their staff is critical because the ‘prime assets of every organisation are the capabilities of its people – all of them. So developing employees to the maximum of their potential in harmony with the needs of the organisation should be a significant concern’ (Mayo, 1991, p.vii).

While it is evident that employers are reconsidering their position with respect to the development of their staff, there is considerable divergence of attitude and practice, both in relation to how this change should be defined and how far it should go. Discussion in relation to ‘career management’, ‘career development’, and ‘career mobility’ inevitably raises questions in relation to what is being meant by these terms. Confusion is heightened by the fact that everything from personal development plans to learning-centres and one-day workshops where participants explore their interests and aspirations are mentioned within this context.

One of the more useful definitions of career development and management is found in a report by the UK Institute for Employment Studies (Hirsch and Jackson, 1996, p.5). They suggest that ‘it is no longer appropriate to think of a career as progression up an
organisational career ladder. Rather, the term “career” is used simply to describe a person’s work experience over time. The term “development” covers all the things a person learns from experience as well as from courses and other training activities. It covers personal development as well as technical training and professional development.’

Two vital considerations emerge in reflecting on an organisation’s approach to career development and management: developing an appropriate and honest message and providing career development opportunities for all staff. Both these require the application of consistent policy over time to be effective.

**Developing an appropriate and honest message**

Organisations need to move beyond the considerable degree of rhetoric that surrounds the area of career development and determine what their positions are in respect of the career progression of their employees. Careful consideration should also be given to what message is being communicated by leaders to staff through the approach to career progression, for example: this is a hierarchical organisation, where seniority matters more than talent, your development depends on the quality of your line manager and there is little cross-divisional cooperation, versus we are aware of our strategic requirements both now and in the future, we know the competencies of our staff and through training and development we are working to address any gaps; we recognise and develop potential throughout the organisation.

An organisation’s real position in respect of career progression and development opportunities can only be determined in the context of the strategic objectives of the organisation and its business needs. Once established, appropriate procedures and interventions need to be put in place to ensure delivery on commitments and lastly, the career development message needs to be communicated openly and honestly to staff.
EXAMPLE: IMPROVING COMMUNICATIONS ON CAREER DEVELOPMENT AT THE NATIONAL AIR TRAFFIC SERVICES

The National Air Traffic Services in the UK provides and operates safe and efficient air traffic services. Staffing is characterised by low turnover and a strong technical skills bias. In 1993, a staff survey indicated that career satisfaction was low. A number of concerns in this regard centred around poor communications by management on career development issues, such as a lack of information and uncertainty about the future.

Responding to the survey, a new framework was put in place based on self-development, with practical tools developed to help people manage their own development. A particular effort was put into clearly communicating the objectives and benefits of the development approach – a key lesson learned from the survey was that extensive communication about career self-development was needed. Line managers were central to this approach, and methods such as team meetings and 360-degree feedback were used to spread the message.

For further information see Holbeche, 2003, pp. 439-441.

Career development opportunities for all staff

While one of the objectives of career progression and management approaches is to ensure that an organisation’s succession planning needs are satisfied, an equal priority should be to give all employees the guidance and encouragement they need to fulfil their potential. Research covering both public and private sector organisations cited by Holbeche (2003) points to the fact that a wish for a career or what could loosely be described as ‘a developing future’ is true for most people. In the organisations reviewed (in both the public and private sectors) the people who appeared to be most dissatisfied were those whose jobs had remained the same for over two years. These people spoke of lack of career development, continuing uncertainty, poor leadership and inappropriate reward. Frustrated career hopes appeared to be directly associated with dissatisfaction with the organisation. Conversely people whose jobs had grown in some way, albeit at the same level, seemed generally happy to stay with their current employer. Though still at the same level, what emerged as critical was the opportunity for development, through greater autonomy, varied work or opportunities to acquire new skills.

Pfeffer (2007) puts it nicely: ‘Skill and training matter for performance, and increasing financial incentives cannot substitute for providing development so people can do their work more effectively. Nor can financial incentives solve problems of how work is organised and led.’
While different initiatives may apply to different groups (e.g. very focused development for graduate ‘fast-stream’ entrants, development opportunities for entry grades with the potential to take on supervisory responsibilities, or senior executive development programmes) the critical point that an organisation should be aware of is that a majority of employees have expectations of something beyond just doing the job.

**EXAMPLE: CAREER DEVELOPMENT OPPORTUNITIES AS AN ALTERNATIVE TO PROMOTION, SINGAPORE’S MINISTRY OF EDUCATION**

In 2000, Singapore’s Ministry of Education faced a crisis when it realised it could lose a third of its teachers within five years. Instead of looking at conventional reward-based solutions, the Ministry asked a sample of its 24,000 teachers for input on what would attract people to and keep them in the teaching profession. Career prospects were a critical issue. Many felt that if they were not in management they had little opportunity to advance.

The Ministry came up with a creative solution, establishing three new career tracks, or ‘fields of excellence’, that teachers could pursue. Those who wanted to stay in teaching could pursue a ‘Master Teacher’ accreditation. Teachers who wanted to develop in a specific area such as educational psychology could work to become ‘Senior Specialists’. And those who wanted to lead could follow a management track that ranges from the heads of departments to the top of the Ministry. The result: teaching has become a more attractive career and attrition has slowed.

For further information see Hay Group (2001),
EXAMPLE: CAREER DEVELOPMENT OPPORTUNITIES FOR GRADUATES, ARUP CONSULTING

Issues of graduate career entry development and mentoring are important for career development in both the public and private sectors. The experience of ARUP Consulting Engineers has lessons relevant to public sector organisations in this regard. ARUP Consulting Engineers was established in 1946, initially as a firm specialising in structural engineering, but subsequently has expanded to cover the full spectrum of engineering disciplines. While a member of the Arup Partnerships Worldwide, the company in effect operates as an independent franchise. As a trust, without shareholders, profits are shared among staff. The company employs 420 people at offices in Dublin, Cork and Limerick in Ireland.

As part of a re-organisation of the human resources function and, in particular, a reassessment of the appraisal system, the company decided to introduce a graduate development programme and mentoring scheme for all technical staff. The scheme is open to all new entrants and typically runs for five to six years until the participant has obtained chartered engineer status.

The graduate programme encompasses the support of a mentor assigned to each graduate; a graduate folder providing a breakdown of competencies considered to be key in developing towards chartered engineer status; continuous professional development activities, which include classroom-based training, lunch-time seminars, presentations and weekly team reviews; and lastly, support in maintaining a learning log, which helps new recruits identify what they have learned and areas for improvement, while also encouraging participants to take ownership of their own development.

The purpose of the mentoring programme is to provide ongoing personal support for those participating in the graduate development programme. Mentors are experienced, senior members of staff, though usually not from the same team as the person they are mentoring. Participants are required to complete a progress form every three months indicating their current work, any gaps in their development and their objectives for the next three months. This is reviewed by the mentor, who also talks to the person’s line manager, before meeting with the participant to discuss his/her development on a confidential basis. It is explained to all participants that the onus is on them to drive the process, schedule the meetings and send their reports in a timely manner. If they fail to follow-up, their manager may choose to dissolve their relationship. Similarly, if the mentor does not provide the level of support that the company has committed to, another mentor will be appointed.
There are many advantages of the system. Firstly, all graduate recruits or those appointed at relatively junior levels have an opportunity to discuss work issues with a more senior colleague with whom they do not work or report to; secondly, it ensures that staff development is actively supported and that junior members have many opportunities to benefit from the advice and experience of their mentor. In addition, the mentor is able to ensure that the participant gets exposure to the broad range of learning opportunities required to move to the next stage. Lastly, from the organisation’s perspective the mentoring programme sends a strong signal that the company is committed to personal development, something which operates as a powerful retention tool.


TRAINING OPPORTUNITIES

Training is the use of systematic and planned instruction and development activities to promote learning. An organisation’s training policies and programmes are aimed at ensuring that it has the skilled, knowledgeable and competent people required to meet its present and future needs (Armstrong, 2003). There is a strong business case for affording employees the training opportunities they require. This generates enhanced levels of commitment among staff and, if based on an objective assessment of need, will result in a more efficient and effective organisation. Two key points are relevant in this regard: the importance of effective training needs analysis and the importance of on-the-job ‘stretch’ assignments in addition to formal training.

The importance of effective training needs analysis

It is important that training activities are linked to the organisation’s business strategy, address real needs, are appropriately targeted and are delivered in the best way. One means of finding out what is needed is to conduct a training needs analysis of the existing workforce. This can be done through a range of methods: feedback from performance appraisals; staff surveys; sampling of specific groups, in particular managers; or comparing with other similar organisations. Regard should also be had for the training and development required to meet future challenges as much as to address current gaps.
EXAMPLE: FAILING TO IDENTIFY TRAINING NEEDS PROPERLY IN THE BELGIAN PUBLIC SERVICE

A Public Management Training Programme was established in 2003 at the level of the community administration. All general manager positions were re-opened under a regime of fixed-term contracts to encourage accountability at the top and improve service quality. All applicants for the position, including general managers already in service, had to prove they could pass a public management certificate, and the training programme, run over a two-year period, led to award of the certificate. The objectives as announced sounded promising: to mobilise individual and collective resources, to optimise individual and collective resources by developing local initiatives and decentralised responsibilities, to initiate managers in public communications methods, etc.

But in practice the programme was a failure. In order to avoid conflict with existing staff, many of whom had vast experience, the general managers already in service were considered as passing the certificate de facto. This created an inequitable situation and caused frustration. Absenteeism rates from the programme increased. Also, senior managers did not hesitate to criticise and challenge young lecturers, who often had a lack of experience of working in the public sphere. The obligation to complete the training programme was dropped in 2005.

In this case, a highly centralised and top-down approach to training was taken, imposed uniformly on all applicants to top positions. No negotiation about the goals for the programme or its intent took place. The needs for the programme were not clearly established. This case also illustrates the inter-linkage of high performance work practices, as the issues of involvement and communications, and performance management linked to development, addressed later in this report, are highlighted.

For further information see Pichault (2007).

The importance of on-the-job ‘stretch’ assignments in addition to formal training

On-the-job developmental or ‘stretch’ assignments are often more beneficial than formal training. These opportunities place staff in new roles or unfamiliar environments in order to strengthen skills and competencies and broaden their experience. They can be important in developing the next generation of leaders. These development assignments, together with other support mechanisms, help ensure that individuals are capable of performing when promoted.
EXAMPLE: THE BENEFIT OF DEVELOPMENT ASSIGNMENTS

In Canada’s Accelerated Executive Development Programme (AEXDP), developmental assignments form the cornerstone of efforts to prepare senior executives for top leadership roles in the public service. The AEXDP was created in the late 1990s to strategically manage the development of senior executives who have the potential to become assistant deputy ministers within two to six years. AEXDP supports individuals for these senior leadership positions through the support of coaches and mentors, formal learning events, and placements in a series of challenging developmental assignments. These ‘stretch’ assignments help enhance executive competencies by having participants perform work in areas that are unfamiliar or challenging to them in any of a large number of organisations throughout the Canadian public service. For example, a participant with a background in policy could develop his or her managerial competencies through an assignment to manage a direct service delivery programme in a different department. These assignments last approximately two years which allows time for participants to maximise their learning experience while providing the organisation with sufficient opportunity to gain a real benefit from the participants’ contributions.

AEXDP reinforces the learning provided by the developmental assignments with initiatives such as ‘action learning groups’ where small groups of participants meet periodically to discuss work situations and experiences, while simultaneously developing a government-wide network of contacts that they can call on in the future.

One challenge sometimes encountered with developmental assignments in general is that managers resist letting their high potential staff leave their current positions to move to another organisation. The Canadian public service have reduced this by guaranteeing that once individuals are accepted into the AEXDP they become employees of, and are paid by, the Public Service Commission, a central agency. A further benefit of this is that a government-wide rather than agency-specific culture is fostered among AEXDP participants.

ACHIEVING HIGH PERFORMANCE – SIX KEY DRIVERS OF CHANGE

JOB INFLUENCE AND CHALLENGE

According to Purcell et al (2003) job design is an area that deeply influences people's experience of work. They note (p.73) that ‘where people have some influence over how they do their job, and where they find their job demanding and challenging, they are much more likely to have job satisfaction, be motivated and be more committed to the organisation in the sense of wanting to stay.’ However, they add that there is little evidence that leaders take this area seriously, with job design frequently taken for granted. Lastly, it is suggested that the vital importance of job challenge and job influence should be a key concern for staff involved in considering job design.

Principles of job design

According to Armstrong (2003), job design has two aims: first, to satisfy the requirements of the organisation for productivity, operational efficiency and quality of product or service, and second, to satisfy the needs of the individual for interest, challenge and accomplishment. Thus, the overarching aim of job design is to integrate the needs of the individual with those of the organisation. Armstrong (2003, p.241) further identifies the following motivating characteristics as central to effective job design:

- Interest and challenge – the degree to which the work is interesting in itself and creates demanding goals for people
- Variety – the extent to which the activities in the job call for a selection of skills and abilities
- Autonomy – the freedom and independence the job holder has, including discretion to make decisions, exercise choice, schedule the work and decide on the procedures to carry it out, and the job holder's personal responsibility for outcomes
- Task identity – the degree to which the job requires completion of a whole and identifiable piece of work
- Task significance – the extent to which the job contributes to a significant end result and has a substantial impact on the lives and work of other people

These can be achieved through the following mechanisms:

- Job rotation – the movement of employees from one task to another to increase variety
- Job enlargement – combining previously fragmented tasks into one job to increase variety
- Job enrichment – this goes beyond job enlargement by adding greater autonomy and responsibility to a job
- Self-managed teams – this is perceived as an extension of job enrichment and involves self-regulating teams that largely work without supervision
More recently, the term ‘smart working’ has emerged as a means of describing the variety of ways in which employers can build autonomy, self-control and development into jobs to pursue an interlinked agenda of employee productivity and business performance. According to the CIPD (2008b), ‘smart working is about more than flexible working practices and the introduction of new tools. It is a fundamentally different approach to designing how employees work and one with the potential to reap significant benefits for organisations in areas such as productivity, engagement, retention and, ultimately, financial performance.’ However, as concluded by the CIPD (2008b, p.33) making a commitment to smart working is not enough: ‘Organisations must take time in planning, implementing and optimising the changes, ensuring that a cultural change takes place. The leadership role in delivering this should not be underestimated: senior management must lead the way.’

**EXAMPLE: TEAM-BASED WORKING AT THE VALUATION OFFICE**

Research by Boyle (1997) shows that before 1994, The Irish Valuation Office (the state property valuation agency) was organised in three functional groups: professional, technical and clerical/administrative. The three groups had separate streams for reporting, and cross-functional cooperation was low. The participation of each stream was essential to delivering service, yet each group operated independently.

In 1994 the Valuation Office was re-organised into a work-team structure. Each team has a number of professional, technical and administrative staff. Teams have responsibility for delivery of service to a number of customers. The average team size is twelve, and each team has a team leader. All streams within the team report to the team leader.

The team-based structure allows the coordination of the efforts of all functions, promoting a better service to customers. While only a low level of cross-skilling was undertaken, a degree of flexibility evolved and cooperation within the teams improved dramatically. Customer satisfaction, as measured in annual customer surveys, shows considerable improvement since the introduction of teams. Staff climate surveys also show an improvement in satisfaction levels within the Office.
EXAMPLE: THE USE OF SHARED-CARE MODELS IN THE HEALTH SECTOR

Shared-care involves elements of job enrichment and team-based working to improve health outcomes. In the Netherlands, a shared-care programme for the treatment of diabetes was introduced. Previously, treatment was centred on the general practice physician. Under the new model, the general practice physician refers patients with type 2 diabetes to a nurse specialist who provides regular patient consultations at the general practitioner’s practice. The nurse specialist cooperates closely with other providers in diabetes care. The principal role of the nurse specialist is to direct patient care, coordinate and organise care and educate patients and other providers on diabetes care. The role of the general practitioner is confined to performing one annual consultation, being available for demanding or irregular cases, and maintaining overall responsibility for the management of diabetes care. The results have been the provision of job enrichment for the nurse specialist, and a more cost-effective service for the patient.


INvolvement and communication

The opportunity to contribute to decisions and have a sense of involvement is valued by most employees and is linked to organisation commitment. The Purcell et al research (2003) identified that where managers encourage involvement it is associated with satisfaction with management leadership.

Involvement and participation

Involvement means that management allows employees to discuss with it issues that affect them but that management retains the right to manage. It is primarily a management-driven concept. Participation is about employees playing a greater part in the decision-making process. According to the CIPD (2007a), the term ‘employee voice’ is increasingly being used to cover the variety of processes and structures for interaction with employees through which employers seek to enhance performance. It is based on the premise that much of the knowledge required for organisations to be competitive is in employees’ heads and that accessing this makes sound business sense. Further benefits are that employees feel more valued and are more likely to stay, and the possibility of industrial relations conflict is reduced as increased cooperation leads to better understanding.
However, as Marchington et al (1993) note, there are a number of common problems associated with employee involvement that managers need to be aware of:

- A lack of continuity, caused to a large extent by the movement of managers who were the driving force of schemes on to other duties or new positions
- A lack of middle management and supervisory support for and commitment to the development of employee involvement. This may be because of scepticism, concern for their own future role, or lack of training in areas such as the running of team briefings
- The choice of inappropriate ‘off the shelf’ systems by employers, irrespective of their relevance to a particular work environment or culture
- A degree of workforce scepticism, created to some extent by the problems outlined above

A range of mechanisms are employed by organisations in order to promote involvement and participation by staff. Some techniques, e.g. suggestion schemes, attitude surveys or problem-solving groups, are management initiated and operate directly between managers and employees. Others, such as partnership schemes or works councils, involve representative participation whereby employee representatives meet with managers on a regular basis.

**EXAMPLE: LINKING EMPLOYEE INVOLVEMENT AND PERFORMANCE**

A comprehensive attempt to measure the link between employment practices, involvement and productivity is the work carried out by Black and Lynch (1997, 2000). The research is based on responses from 627 private sector US establishments. The findings indicate that greater levels of employee involvement are positively linked to the productivity of an organisation. Productivity improvement of up to 20 per cent occurs where involvement is high, where new work practices are in place and where cooperative union relations exist. The researchers found, for example, that Total Quality Management (TQM) does not, of itself, raise productivity. TQM, when combined with greater employee involvement, does raise productivity.
EXAMPLE: MOVING TO A PARTNERSHIP ARRANGEMENT IN ORGANISATIONS

On the basis of studying practice in a wide variety of Canadian public sector organisations, Kernaghan (1992) identified what transformative steps are needed to make employee involvement work. Near the beginning of the process the organisation has the following characteristics: most managers operate by command and control, but at least some managers support employee involvement and teamwork; a small percentage of employees participate in team activities; there are general, non-specific plans to expand employee involvement. Subsequent stages of the process show gradual movement towards an empowered organisation. Near the end of this process the organisation has a new set of characteristics:

- Management use innovative, effective approaches to increase employee involvement and teamwork
- Cross-functional team cooperation occurs across the organisation to meet customer needs more effectively
- Trends towards team participation and other forms of employee participation include more employee suggestions being made and accepted
- Employees have a strong feeling of empowerment and unions and management cooperate to achieve quality improvement
- Power, rewards, information and knowledge are moved to the lowest feasible levels: employee empowerment leads to substantial flattening of the organisation
- Improvements resulting from employee participation are clearly evident in systems, processes, products and services
- A regular, formal survey process determines levels of employee satisfaction, follow-up actions are taken to improve human resource practices, and future plans address how to sustain momentum.
Communication

Effective communications are required within organisations to achieve coordinated results. Where good communications pertain within organisations, employees have been shown to experience greater confidence, trust and commitment in their organisation. However, good communication is not simply about passing information down the line. It is also about sharing information, trusting people to interpret that information, and listening to what people say, and, if necessary, acting on what has been said or explaining why no action has been taken.

Implicit in this is that managers have a central role in any communications strategy. The good intentions of leaders can be ruined and mutual trust damaged by managers who do not pass on messages, who distort the messages they are entrusted with, or who do not provide feedback from what they have been told by their staff. This may imply training for managers at all levels in communications skills and ensuring that communication is seen as a core part of their job.

Communication needs to be linked to the business plan, with everyone in the process clear about their roles in making communication happen. Good communication is also about consistency: people are more likely to listen if there is a regular flow of information they trust. The worst scenario is that only bad news is communicated.

EXAMPLE: CLEARLY COMMUNICATING ORGANISATIONAL GOALS

In 2000, the Irish government launched a new strategic management framework for the Irish civil service. This requires all government organisations to produce Statements of Strategy every three years. In order to ensure that these high-level strategies are translated into action, they are refined into divisional business plans on an annual basis. The final link in the process is the Performance Management and Development System (PMDS), which involves the setting, monitoring and reviewing of objectives and development needs for individual civil servants on an annual basis. The intention is to establish a clear process whereby organisational goals are translated down to the individual, with clear lines of communication.

For further information see http://www.bettergov.ie/eng/index.asp?docID=304
Performance management is a complex concept. In principle, it should be perceived as the natural process of managing the organisation, not a system or technique. However, in practice in organisations, considerable care and effort is required to ensure a comprehensive approach to managing for performance improvement.

Inevitably this implies that processes are required, in order to establish a shared understanding about what is to be achieved, and an approach to managing and developing people in a way that increases the probability that it will be achieved (Armstrong, 2003, p.479). Thus performance management processes should provide a more continuous and integrated approach to the management of performance than is provided by a simple system of performance appraisals or reviews.

It makes sense that the approach to developing roles and managing individuals within an organisation is linked with the overall strategy and goals of the organisation. This concept is referred to as vertical integration, and steps need to be taken to ensure that these goals are in alignment. Typically, organisation objectives should be translated into team objectives and, in turn, these can be cascaded down to individual employees during the processes of role profile development and objective setting. However, the process should be a two-way one, with individuals also given the opportunity to formulate their own goals.

There are a number of particular challenges associated with developing performance management and appraisal in the public sector, including:

- The use of unclear or unstated objectives
- Difficulty in identifying performance indicators that are appropriate to define achievement of objectives
- Lack of benchmark information about competitor organisations or programmes
- The tendency of some supervisors to evaluate subjectively according to their own preconceived biases and lack of appropriate skills
- The ‘halo’ effect, whereby one outstanding characteristic or ability (either positive or negative) tends to influence ratings
- The tendency for supervisors to rate all employees towards the middle of the range so that none is defined as exceptionally good or bad

In the context of these challenges, a number of key considerations apply to the improvement of performance management approaches in organisations, including linking performance management to development, dealing with poor performance, and performance-related pay.

Managing for High Performance
Performance management linked to development

For many people performance management is essentially a developmental process and performance reviews should focus as much on performance planning and improvement as on retrospective performance appraisal. Certainly performance reviews should link into personal and team development plans and training needs analyses.

EXAMPLE: PERFORMANCE MANAGEMENT LINKED TO DEVELOPMENT OPPORTUNITIES

Clayton and Ayres (1996) reviewed the introduction of two appraisal schemes in a single Australian government agency. One scheme, the Executive Management scheme, was meant to comply with federal requirements for appraisal of senior management across the public service. It was intended to link to performance bonuses and to non-renewal of contracts for contract staff. The scheme was delayed by negotiations and differences at federal level for three years, and on its introduction senior staff involved felt that it had made no difference whatever to them.

The other scheme, the Personal Development Programme, was introduced at the same time for senior and middle managers, but consciously differed in emphasising personal development and not appraisal as its focus. The agency decided not to explicitly link the performance development scheme to pay or contract renewal, but to focus on the production of a personal development plan linked with periodic progress reviews. This scheme, while being time-consuming and not without its challenges, was widely accepted by the staff involved and regarded positively by top management in terms of its impact on performance. It was seen as contributing positively to the communications process and providing opportunities for personal development.
Dealing with poor performance

In employee satisfaction surveys, tolerance for underperformance frequently emerges as a major source of dissatisfaction among employees. Similarly, poor performance by employees is a concern among managers who are conscious that it reduces productivity. However, many line managers feel poorly equipped for dealing with the situation resulting either in it being ignored or in the underperformer being passed on to another area.

Some of the difficulties in dealing with underperformers stem from a lack of clarity in relation to what is meant by underperformance, which may in part hinder an effective diagnosis and response. In practice, poor performance can result from a variety of causes. It may emerge due to role overload, unclear objectives or unrealistic targets and therefore could be addressed by changes in requirements. Poor performance can also be as a result of personal or domestic problems which may need to be addressed according to specific procedures established by HR. Lastly, poor performance can arise when an employee’s behaviour or performance falls below the required standard.

However, in order to be able to identify underperformance, organisations need to clarify for both managers and staff what constitutes an acceptable level of performance. This is not a straightforward process but certainly there is an onus on organisations and in particular line managers to establish objectives for employees that can subsequently be turned to as a guide in monitoring performance.

Actually measuring performance emerges as a further challenging area, with ranking systems widely used as a means of commenting on an employee’s performance. These can be in respect of pre-determined standards of performance, for example, 1–unacceptable; 2–getting there; 3–the mark of effective performance; 4–excellent and 5–exceptional, or can be determined relative to the performance of colleagues, for example, forced distribution systems whereby a certain proportion of all employees (usually between 5–10 per cent) must be ranked as performing unsatisfactorily. Both can give rise to distrust among employees concerned about consistency and fairness.

Finally, where underperformance is diagnosed, organisations need to put in place procedures for dealing with it. While a small proportion of organisations adopt a ‘get rid of the bottom 10 per cent approach’, most follow the developmental route, believing that employees’ performance can be improved. The degree of formality of such approaches varies, ranging from performance improvement plans with fixed targets and timelines to on-the-job coaching and transfer.

According to the Institute for Employment Studies who reviewed the approaches of a range of British companies to tackling
underperformance (Streble, 2004), the most common message emerging from their research is the importance of managers dealing with issues early rather than letting them get worse. This requires effective and operationalised performance management systems and HR departments that provide ongoing coaching and support to line managers.
**EXAMPLE: GUIDANCE ON MANAGING POOR PERFORMANCE**

The Office of the Commissioner for Public Employment in the Northern Territory Government in Australia has issued guidance on how to manage poor performance. A number of key practices are emphasised:

**Identify and assess the problem.** This involves asking three questions: if the employee can do the duties of his/her job to the standard required by the agency; if the employee can do another job at his/her level in the agency; and if the problem is in the employee’s control. If the answer to all these questions is no then poor performance is probably due to an inability to perform and a performance process to manage it should be started.

**Consider the reasons.** It is important to distinguish poor performance from unacceptable behaviour. Unacceptable behaviour usually involves deliberate, inappropriate or unethical action and can be dealt with through workplace counselling or disciplinary procedures. If poor performance is the issue, several possible contributors need to be considered which may impact on employee performance and influence the course of action pursued. Some medications and illnesses can impact on employee performance. There may be family or personal factors involved. The issue may be one of workplace issues and interpersonal conflict.

**Decide on an approach.** The manager needs to decide if the employee’s behaviour is unacceptable, identify if other factors are contributing to employee performance, and confirm that the employee has a clear understanding of the job and what he/she has to do. The manager can then assess whether the poor performance is inability or discipline and determine the approach best suited to deal with the problem.

**Take action.** A critical point here is ‘don’t delay’. Action to address poor performance often fails because there is no early intervention. Problems can become entrenched and more difficult to deal with. Other vital points are to keep the process positive as far as possible (e.g. be objective and don’t personalise), be fair (e.g. ensure procedural fairness), be supportive (e.g. let the employee know a support person can attend any meetings) and be committed (e.g. put aside the necessary time).

Performance-related pay

Performance-related pay (PRP) is a method of remuneration that links pay progression to an assessment of individual performance, usually measured against pre-agreed objectives. The concept emerged in the 1980s in response to a desire to move away from the idea of pay progression on the basis of service. PRP was adopted enthusiastically by many private sector companies as the most appropriate method for driving high performance, and has been increasingly used in the public sector.

However, as research began to identify that PRP schemes were not delivering the promised results, the approach began to be called into question. As Pfeffer (2007) notes with regard to PRP plans: ‘most plans share two attributes: they absorb vast amounts of management time and resources, and they make everybody unhappy.’ But, despite the evidence that, in general, pay does not generate higher levels of performance, many private sector organisations have retained a system of individual pay reviews whereby some element of the increase is based on an assessment of individual merit. The CIPD (2008a) cites three core reasons for this:

- PRP can help to send out a message to employees of an entrepreneurial or high performance culture
- PRP embodies the notion of equity and fairness – that it is right and proper that employees who perform better at work should be rewarded more highly

Given the challenges associated with PRP but the positive signals it can send regarding the development of a performance-oriented culture, some public organisations are now experimenting more with team-based performance awards. Rather than simply focus on the individual, these aim at rewarding group performance. Some commentators feel that such an approach is more attuned to a public service setting and has more chance of success.
EXAMPLE: APPRAISAL-BASED MERIT PAY AT KENT COUNTY COUNCIL (CIPD, 2007B)

Kent County Council in South East England was looking for a more focused and comprehensive approach to recognising and rewarding individual employees. A merit-based pay scheme closely linked to the appraisal process was introduced. One of the primary objectives was not only to measure performance in the sense of outputs but also inputs (behaviours and contribution in a more holistic sense). Consequently, four elements of performance are measured:

- Delivery of personal objectives linked to business requirements
- Behaviours as measured against a behavioural competency framework
- Meeting personal development plan objectives
- Delivery of value outside the immediate job

Each employee is assessed annually against each of these four elements and is rated, with supporting evidence, on a scale of 1–5 (poor to exceptional). A scoring system converts this to an overall score and an overall performance descriptor. Employees receiving an overall rating of ‘good’ proceed up the incremental pay scale by one increment, excellent performance delivers one and a half increments, whereas poor results in no increment. Additionally a range of other performance awards are available to managers including gifts, ‘quality of service’ awards and cash sums up to €500.

For further information see: Chartered Institute of Personnel and Development (2007b), http://www.cipd.co.uk/subjects/pay/general/_rwrddres07.htm

EXAMPLE: PERFORMANCE-RELATED PAY AND PUBLIC ADMINISTRATION IN OECD COUNTRIES

The individualisation of HR management has emerged as a concept within public administrations across the OECD. It reflects a transition towards the management of employees as individuals, not just as part of a collective entity or by grade classification, but according to the changing needs of organisations and depending on their performance (OECD, 2005a, p.170).

One aspect of the emphasis on individual performance is the introduction of PRP schemes, in particular for senior managers, but increasingly also for non-managerial employees.
Two-thirds of OECD countries report having implemented PRP, or being in the process of doing so (OECD, 2005b). However, there are wide variations in terms of the manner in which it is actually applied. In many cases, it operates only in a very limited way and formalised PRP policies exist primarily in position-based systems, for example, New Zealand, the UK, Switzerland and Denmark. Furthermore, even in these countries the size of performance payments is generally a fairly modest percentage of the base salary, representing less than 10 per cent for non-managerial employees, rising perhaps to 20 per cent at management level (OECD, 2005b, p.175).

However, despite the ongoing trend towards limited PRP schemes it remains a complex issue. There is the difficulty of finding suitable quantitative indicators, while performance objectives often change with government policy. Secondly, recent research strongly questions the extent to which pay is the motivator it was perhaps once thought to be (Perry et al, 2006; Purcell et al, 2003). Rather it appears that the individual discretionary behaviour that leads to better organisation performance happens when people find their jobs satisfying, feel motivated and are committed to their employer.

The OECD suggests that rather than focusing purely on individual pay for performance schemes, complementary schemes such as the use of collective or group performance schemes at the team/unit or organisational level may be helpful. Another approach is replacing discrete levels in the pay scales with pay bands, and authorising departments and agencies to set individual pay within the relevant band.

The OECD, in concluding an important research study into performance-related pay policies in the public sector, suggests that while PRP in itself may not have a significant impact on employee behaviour, it can be regarded as useful in facilitating other organisational changes. These include an improved and stronger focus on effective appraisal and goal-setting processes as well as clarification of tasks, better attention to the acquisition of skills and team work, the improvement of employee and management dialogue and increased flexibilities in work organisation: ‘Introducing PRP can be the catalyst that allows organisation changes to occur and, at the same time, facilitates a renegotiation of the “effort bargain”, thus assisting in recasting the culture of the workplace. These dynamics have positive impacts on work performance’ (OECD, 2005b, p.177).
WORK-LIFE BALANCE

Work-life balance emerges as an important area influencing employee attitudes towards their employer. People’s perceptions are influenced by factors such as a manager’s appreciation of family and other commitments and the practical compassion and support shown by an employer during a period of personal trauma.

The concept of work-life balance has its origins in the need to provide ‘family friendly’ work arrangements to reflect the changing profile of the workforce, in particular the increasing participation by women. Over time, the debate in relation to flexible working arrangements has evolved from the idea of assisting employees to balance work and family life to the notion of work-life balance for all. This is in response to a growing recognition of the importance of achieving an effective balance between work and other aspects of life for an individual’s health and welfare and consequently that of society in general.

In this regard, Kodz et al (2002) note that it is also important to consider the type of flexibility that employees want. Their findings suggest that it is often not so much reduced hours that employees would benefit from, as flexibility, for example the possibility of varying hours at short notice to deal with whatever pressures they have outside of the workplace, to take days off to deal with emergencies or to occasionally work from home to receive deliveries or avoid the strain of commuting.

In reviewing work-life balance arrangements in organisations, particular attention must be paid to the business case arguments and the role of line managers.

The business case arguments

The implementation of family friendly work arrangements are demanding on any organisation. As well as the additional administrative work, there can be considerable logistical difficulties occasioned by staff working a variety of reduced or flexible working hours. However, these costs can be justified by a number of positive impacts with direct financial considerations – the so-called ‘business case’. These benefits are summarised below:

- Lower staff turnover and consequently reduction in time and expenditure on the recruitment, induction and training of replacement staff. Coupled with this is the advantage afforded by retention of experienced staff.
- Reduced casual sickness absence occasioned by employees’ caring responsibilities. Staff can now avail of flexible work arrangements to meet such responsibilities.
- Improved morale, commitment and productivity. Most firms believe that the availability and take-up by staff of flexible working increases their loyalty and work effort. This is in part a product of the fact that staff wish to repay an employer for giving them the opportunity to work flexibly.
Employer of Choice arguments. The availability of flexible work arrangements appears to improve recruitment possibilities through enabling an organisation to attract quality new recruits who would regard the availability of flexible working as a positive in weighing up job offers.

Researchers from the Judge Institute of Management at Cambridge University (Dex and Smith, 2002, on behalf of the Joseph Rowntree Foundation), through analysis of the UK Workplace Employee Relations Survey, have sought to quantify such benefits. The study highlights the fact that approximately nine out of ten firms with experience of flexible working found them cost effective. In particular, improved productivity and performance were associated with the availability of family friendly arrangements, including paternity leave, parental leave, job-sharing and the possibility of changing from full to part time hours. In relation to employee commitment, while noting that other factors are more dominant, the authors conclude that flexible work arrangements do have a positive influence.

The role of line managers

A consistent theme in the literature is the important role played by line managers in implementing an organisation’s work-life balance policies. According to Kodz et al (2002) in a review of practices in a range of different British organisations on behalf of the Institute for Employment Studies (IES), managers do appear to experience difficulties in putting into practice company policies in relation to flexible working. They emphasise the lack of guidance given to managers in implementing work-life balance initiatives. In particular, managers appear to have difficulty in deciding who should have access to flexible work arrangements, if opportunities are limited: whether to decide on a ‘first come’ basis and, if this is the approach, how then to ensure parity of treatment among all staff they manage. Other major difficulties referred to by managers in the IES research include:

- Senior management’s lack of visible support for flexible work arrangements, resulting in a mixed message in relation to its acceptability within the organisation
- Ambivalence and/or lack of clarity about roles and responsibilities for implementing flexible work arrangements between line managers and the HR unit
- Their own capacity to manage the ‘people side’ of implementing flexible work arrangements and, as a consequence of their implementation, redesign work patterns and roles successfully
Yet, the importance of overcoming these challenges is emphasised by Steinberg et al (2002, on behalf of the Roffey Park Institute) who argue that it is the attitudes, skills and behaviours of line managers which ultimately determine the success of flexible working arrangements. Furthermore, based on findings from a number of organisational case studies, the Roffey Park researchers suggest that the existence of flexible working in itself does not create difficulties and resentment within organisations. Rather, in situations where there is already under-staffing, excessive workloads and last minute, unpredicted tasks, the existence of flexible working is likely to exacerbate the situation.

**EXAMPLE: THE ROLE OF LINE MANAGERS – PRUDENTIAL LIFE INSURANCE, UK**

Prudential’s family friendly benefits package was widely regarded as superb, earning the company widespread recognition. However, an internal survey of female executives found that 56 per cent felt that their work negatively affected their personal life and only 45 per cent of high-performing employees felt that managers would support flexible work arrangements.

Why the contradiction? Because even though Prudential encouraged flexibility, many individual managers did not buy the company philosophy and discouraged their people from taking advantage of the benefits. This disconnect between company policy and managers’ behaviour poisoned employee attitudes. In response, Prudential implemented a programme of training for managers and how well they do is now one of the criteria for determining their bonus.

Perception is important when considering work-life balance. The Prudential experience shows that a huge investment in work-life benefits can deliver a negative return if managers send a message inconsistent with company policy.

3. Leadership: The Critical Success Factor Underpinning High Performance

High performance work practices achieve results. A survey commissioned by the Department of Trade and Industry in the UK provides evidence of a link between the level of adoption of high performance work practices and organisational performance. Organisations adopting more high performance work practices have greater employee performance and are more effective in motivating staff and managing change (see Sung and Ashton, 2005, available at http://www.cipd.co.uk/NR/rdonlyres/0364EF28-96FA-4188-91D4-6B68C42E716F/0/dthpwprac.pdf).

In securing high performance, it is important that the work practices are seen as linked and complementary rather than separate initiatives. As Pfeffer (2007) states: ‘The large literature on high performance work systems tends to speak to the systemic, complementary nature of the various management practices required to provide an environment that produces innovation, discretionary effort, and high levels of performance and service.’ The actions outlined in Section 2 are most effective when they are applied together to bring about change.

But in managing for high performance, putting in place good policies and practices alone is not enough. Evidence points to the role of managers in providing effective leadership and creating a supportive organisational culture as critical to bringing about enhanced performance outcomes:

‘Their managerial behaviour … 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).

THE ROLE OF TOP MANAGERS

Brosnahan (1999), then Chief Executive of Auckland Regional Council, New Zealand, carried out research in 1995-96 while on a fellowship in the United States on executive leadership in the public sector. He identified a number of characteristics of good leaders in the public sector:

- They are catalysts for change, always looking to do something better than yesterday
- They have a commitment to mission
- They have the ability to strategise, to determine the path to the vision, with objective measures along the way
- They lead by example, displaying the ability to ‘walk the talk’
- They are the keeper of the values of the organisation, the core beliefs that the organisation lives by
- They accept personal responsibility for what happens and encourage a similar responsibility among those they lead
Similarly, Alimo-Metcalfe, Alban-Metcalfe and Briggs (2003) conducted a study of over 3,500 male and female managers at top and middle levels in local government and the health services in the UK and identified fourteen leadership dimensions under three headings (see Figure 1). They stress that no one person will exhibit strengths on all dimensions but that they form a benchmark of good practice to support leadership development. The emphasis is not on being an extraordinary person to be a top leader, but on being open and accessible, displaying integrity and consistency.

**FIGURE 1**

**DIMENSIONS OF TRANSFORMATIONAL LEADERSHIP IN THE PUBLIC SECTOR**

<table>
<thead>
<tr>
<th>Leading and developing others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Genuine concern for others’ well being and their development</td>
</tr>
<tr>
<td>Empowers, delegates, develops potential</td>
</tr>
<tr>
<td>Accessible, approachable, in touch</td>
</tr>
<tr>
<td>Encourages questioning, and critical and strategic thinking</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal qualities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparency, honesty and consistency</td>
</tr>
<tr>
<td>Integrity and openness to ideas and advice</td>
</tr>
<tr>
<td>Decisive, risk taking</td>
</tr>
<tr>
<td>Charismatic; in touch</td>
</tr>
<tr>
<td>Analytical and creative thinker</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leading the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inspirational communicator, networker and achiever</td>
</tr>
<tr>
<td>Clarifies individual and team direction, priorities and purpose</td>
</tr>
<tr>
<td>Unites through a joint vision</td>
</tr>
<tr>
<td>Creates a supportive learning and self-development environment</td>
</tr>
<tr>
<td>Manages change sensitively and skilfully</td>
</tr>
</tbody>
</table>

Adapted from Alimo-Metcalfe, Alban-Metcalfe and Briggs, 2003, p3.
EXAMPLE: A LEADER IN ACTION

Brosnahan (1999) describes Dr Harry Nurkin, president and chief executive of the Charlotte Mecklenburg Hospital Authority as an example of a good public sector leader. The hospital authority comprises a teaching hospital, ten acute and specialty hospitals, two nursing homes, a retirement community, a home help agency, and a primary care network. At the time of his appointment, Dr Nurkin was confronted with a tired, underperforming medical centre in need of revitalisation. His first objective was to revitalise the workforce. One aim was to create attractive and efficient buildings for the long term. Those areas which staff indicated were most in need of change were tackled first. The refurbishment was symbolic of change.

During the early days, he spent the majority of time outside his office; talking, listening and communicating. Being visible. He sees his role as to inspire his followers, to ensure they have a good direction, and to define the boundaries within which they operate. But they are also involved in formulating the vision and in recommending changes. Once a year, Dr Nurkin and his directors and managers set individual and organisational goals which are discussed collectively, and the management team meets four times a year to see whether or not these are being achieved. He works hard to create a culture of innovation, encouraging staff to solve their own problems but providing a support staff where necessary. If an individual or team resolves a problem, he arranges some recognition or celebration.

The health authority was transformed. Revenue has risen and substantial profits made, which are reinvested in the system. The hospital benchmarks itself against others in the US and is competing well at low cost, with a low rate of readmissions. There is a very high level of patient satisfaction.

Dr Nurkin summarises his leadership role as finding the right people and giving them responsibility and authority. His role is also defining the boundaries within which they operate. It is listening to people and inspiring them to achieve. It is also about providing them with the resources to enable them to resolve problems.
EXAMPLE: LEADERSHIP AND VALUES

In West Mercia Constabulary, as a first step in developing a culture capable of supporting the desired policing approach, the new chief constable committed a large amount of time to making direct contact with staff. He provided visible leadership by talking and listening directly to front-line staff.

He undertook to personally speak to all staff. He met just over 2,000 police officers and 1,200 civilians in groups of no more than 20. The meetings started with a presentation by him on findings from a staff survey, followed by his elaboration of the mission statement and the personal, organisational and service values needed to achieve the mission. This personal commitment on the part of the chief constable to the values being promoted was recognised by staff, and facilitated the change in culture with more of a focus on community policing.

For further information see CIPD (2003), [http://www.cipd.co.uk/NR/rdonlyres/A94D89E9-227E-4C7E-A8A8-5386942F4AED/0/ca_delpubservs.pdf](http://www.cipd.co.uk/NR/rdonlyres/A94D89E9-227E-4C7E-A8A8-5386942F4AED/0/ca_delpubservs.pdf)

THE ROLE OF LINE MANAGERS

Research by Nohria et al (2008) at the Harvard Business School indicates that while employees do not expect their line managers to substantially alter an organisation’s job design or reward systems, they do look to how these practices are applied in practice: ‘Managers do have some discretion within their spheres of influence; some hide behind ineffective systems, whereas others make the most of an imperfect model … Many supervisors are regarded well by employees precisely because they foster a highly motivating local environment, even if the organisation as a whole falls short. On the other hand, some managers create a toxic local climate within a highly motivated organisation.’
EXAMPLE: LEADERSHIP AT THE ROYAL UNITED HOSPITAL, BATH, ENGLAND

A clinical unit in the hospital had a historical command and control approach to ward management. Employee attitude to managers was poor. The hospital had a poor reputation nationally. At ward level, deliberate efforts were made to improve management, by careful selection of managers, with an emphasis on leadership skills beyond just medical competence. Support and training was provided to these new managers. A new 360-degree appraisal system was introduced which the managers had to manage.

These changes were clearly recognised and supported by staff. Satisfaction with line managers increased dramatically: 89 per cent of respondents to a survey indicated they were either very satisfied or satisfied with the respect they got from line managers compared to 66 per cent a year earlier, and approximately half felt that managers were good at dealing with problems in the workforce, compared to a third in the previous year. There was also a significant increase in satisfaction over the amount of influence people felt they had in their jobs (satisfaction rose from 45 per cent to 62 per cent). The proportion of staff who felt very or fairly motivated jumped from 79 per cent to 94 per cent. These improvements were not evident in areas of work outside of the control of the line managers. For example, satisfaction with pay and benefits stayed virtually the same.

For more details see Purcell et al (2003), pp. 42-44.

EXAMPLE: LEADERSHIP’S ROLE IN OVERCOMING EXTERNAL CONSTRAINTS

A study of the US Environmental Protection Agency found that the agency was more adept than other federal agencies in mitigating the effects of centralised federal human resource policy constraints. This was linked to the agency’s status as an adaptable organisation with an open culture, focusing on change and flexibility, and characterised by creative problem solving and risk taking. This message was shared and promoted by the chief executive and by line managers in the organisation.

For further information see Ban (1995).
LEADERSHIP: THE CRITICAL SUCCESS FACTOR UNDERPINNING HIGH PERFORMANCE

Distinct values and a culture which expresses what the organisation stands for, referred to by Purcell and his colleagues as a ‘Big Idea’, help to unite an organisation around a shared mission and is strongly linked to employee motivation. However, the Big Idea implies more than just having a formal mission statement; it means that ‘the idea is embedded, connected, enduring, collective and “measured and managed”’ (Purcell et al, 2003, p.9). In other words, the culture is consistent across the organisation and is reflected in policies, practices and behaviours. This is where the leadership role is vital, in living and communicating the high performance culture message. Leaders create the climate to give the opportunities to staff to address key work issues.

CONCLUSIONS

In conclusion, the research outlined in this paper suggests a number of policy implications for public organisations. Firstly, in seeking to optimise the contribution which high performance work practices can make, organisations must develop policies and practices that meet the needs of individuals and create a great place to work. In particular, leaders need to focus attention on the key practices described in Section 2, which have greatest impact on employee behaviour. However, this does not mean simply copying best practice, as organisations must create and transmit values and culture that are unique to themselves. Particular attention needs to be given to training and supporting line managers – those who are responsible for implementing the policies and practices. This requires ongoing support from senior management (Purcell et al, 2003, p.11).

A clear message comes from the examples cited in this paper, and the body of evidence on which the paper is founded. Despite the constraints that operate on public sector managers, as discussed in the Introduction, managers and staff can make a real difference with regard to performance and productivity. Managing for high performance is not a pipe dream for the public sector manager. There is much that managers can do to create a motivated and committed workforce that ultimately leads to better outcomes for the citizens they serve.
Endnotes

1. In each organisation the researchers chose an identifiable business unit where they conducted extensive interviews with front-line staff, in other words, those at the receiving end of HR policies and practices. These data were gathered twice over a two and a half year period in order to track changes in attitudes. They were examined alongside other data from interviews with senior and line managers. The top six companies in respect to the People and Performance project were a notably diverse group. In alphabetic order they were AIT, Jaguar Cars, Nationwide Building Society, Oxford Magnetic Technologies, Selfridges and Tesco.

2. The other areas are: job security, recruitment and selection, pay satisfaction, team working and communication.

3. As used by Orange UK, the telecommunications company, reported in People Management magazine, 26 October 2006, CIPD: London.

4. The report, funded by the Department of Trade and Industry (now the Department for Business, Enterprise and Regulatory Reform) brings together the results of ten case studies of high performance working and a survey of 294 organisations facilitated by the CIPD. Of the 294 organisations, approximately 90 per cent were based in the private sector and 10 per cent in the public sector.
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