

# UK Presidency of the EU

## EPAN Human Resources Working Group

Innovative HR strategies project



**CabinetOffice**

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PRESIDENCY  
OF THE EU  
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## Part One – About the study

### 1. Introduction

This report, prepared specifically for the UK Presidency of the European Union, presents the results of a survey into innovative HR strategies conducted across all Member States of the European Union.

The National School of Government worked closely with the UK Cabinet Office to design the questionnaire for the Human Resources Working Group of the European Public Administration Network. The National School carried out the analysis of the returned questionnaires and prepared this report.

Grateful thanks are due to all those who contributed to this study through completing the questionnaire.

### 2. Background to the survey

The UK Presidency, within the framework of the current Mid-Term Programme 2004/2005, has focused on the theme of Innovative HR. The examination of Innovative HR finalises the list of activities undertaken by the Human Resources Working Group over the past two years. Studies developed under previous Presidencies have included reports into Civil Service pensions and ethics.

Earlier this year, a report of HR management strategies to support organisational changes was prepared during the Luxembourg Presidency of the European Union. This report found that, *'HR strategies are generally aligned with governmental strategies, supporting to a certain extent the organisational changes'*, but these were not automatically developed at a local level. It also concluded that *'HR is not yet a generator of changes'*. The report concluded that *'HR is in constant balance between;*

- *Strategy and daily operations*
- *Being proactive and less reactive*
- *Implementing tailored HR solutions for specificities (where off the shelf solutions are not applicable)*
- *Combining specialist and generalist skills to cover all HR aspects and dimensions'*.

The findings were that government strategies such as cost reduction, service improvement and structural issues were becoming more important and that in the majority of Member States HR strategies were being designed to support this wave of change and modernisation.

This survey into innovative HR strategies seeks to explore some of the HR responses in more detail.

### 3. Aim of the project

The main aim of this project is to draw out interesting ideas, encourage discussion and share learning about HR amongst the HR community of the EU Member States.

It is not the intention to try to dictate what should be done, but to ask what is being done, why, how successful it has been and what lessons can be learnt.

## 4. The importance of context

It is recognised that each Member State is unique with its own history, culture, legislative base and style of administration. The roles and services that are included under the term 'public service' vary and national public employment systems are different. The Government of each Member State has its own priorities and the citizens their own expectations of the state and public services.

There are, however, some global themes that impact on all public administrations and key academic research that challenges the way in which HR has been organised in the past. These challenges are causing HR professionals, in all sectors and all countries to rethink their approach and find better ways of supporting their organisations.

The extent to which HR organisation has been decentralised in the Member States varies, but the most common arrangement is a combination of a central body and local administrations. This enables governments to exercise control and achieve consistency whilst also encouraging responsiveness and flexibility in service delivery. There is also a variation in the extent and speed of delegation of HR management because of the difference between position based systems, that allow for individualised approaches, and career based systems, that regulate public servants through administrative law.

## 5. Methodology

The questionnaire was developed by the National School of Government and the UK Cabinet Office for the Human Resources Working Group of the European Public Administration Network. A copy of the questionnaire is available on CIRCA.

The questionnaire focused on the following:

- the selection and development of HR staff
- how HR is organised
- internal and external factors driving changes in HR and choice of response
- changes to the HR function in the last 18 months.

The questions were framed to encourage discussion and illustration, the choices offered were intended to clarify the issues rather than constrain the answers.

It is very clear from the way in which the questionnaires have been completed that there is no universal 'language' for HR, and that many of the issues are too complex to be explained thoroughly in such a simple format. There are, however, general themes and trends that emerge. Short case-studies on specific approaches have been included with web-links where appropriate.

The project team comprised Jean Meyrick from the National School of Government who authored the report, Paul Roberts from the Cabinet Office who co-ordinated the project and Malcolm Gregory from the National School of Government who developed the questionnaire.



## Part Two – The changing world of HR

### 1. The importance of HR

In all organisations, Human Resource Management is making a transition from providing an administrative service dealing with the people towards becoming an integrated partner in the business. For HR to become a source of competitive advantage it must be able to provide leadership in the organisational and people dimension.

Public administrations are not exempt from this change. Indeed with increased competition for talented staff, the role of HR in making sure that public sector organisations can attract and retain excellent employees, is even more important.

In most public services, the existing processes of delivery are being challenged by unstoppable global influences. Rising customer expectations and new ways of providing services through the use of new technology impact on organisations internally and externally, requiring staff to develop new attitudes and skills and also to acquire new knowledge. HR strategies are key to making this happen.

Figure 1 illustrates the journey ‘people management systems’ have made, and are making, from ‘personnel administration’ towards the provision of Strategic HRM.

Figure 1 – HR Maturity Scale				
	Personnel Administration	Personnel Management	Human Resource Management	Strategic HRM
Level 6 (Nirvana)				All activities link to strategy that is ‘owned’ by all employees
Level 5			Transition from operational to strategic focus	
Level 4			HRM becomes integral to business operations	
Level 3			Performance measures linked to reward. Professional practices	
Level 2		Performance records, recruitment criteria		
Level 1	Basic records & compliance with law			

At level 1, there is control and compliance. At level 2, there is a movement towards more professional personnel management systems such as job evaluation and grading systems. At level 3, appraisal systems linked with performance and reward are introduced to enable performance to be managed and staff to be motivated. At level 4, personal accountability rises as there are clear links between individuals' work and organisational goals and measures. Underperformance is not tolerated and tailored solutions replace generic solutions. At level 5, team and project accountabilities become important and the core work processes are focused on customers' requirements. At level 6, everything, including individual performance, is aligned to the strategic objectives.

This model seeks to describe the different phases or stages that HRM systems are likely to go through to make the journey towards true strategic alignment. Very few organisations reach level 6. This report does not presume to analyse where individual public administrations are on this scale of development, but this question might form the basis for an interesting and challenging conversation between HR and senior management within all Member States.

## 2. What is innovative HR?

We are not advocating that any particular shift on the HR maturity scale is more or less innovative than another. Each public administration will need to respond to their own drivers and contexts. At its simplest, innovative HR is about the introduction of new practices in the management of Human Resources that improve the performance of the people so that they deliver the goals of the organisation. The more radical innovations, where the whole system is involved, are about moving into level 4 and upwards.

## 3. Evolving perspectives on HR

Traditionally, HR staff focused on administering benefits, payroll and other personnel functions and not playing a part in the overall strategy of the organisation. Any proactivity was around the idea that improvements in an individual employee's performance would automatically enhance organisational performance. Strategic HR architecture is more complex. An effective HR system that truly supports the organisation needs to align the HR system with the organisation's strategy. That is, to move from one perspective to another.

This evolution is as follows:

- **The personnel perspective**  
The organisation hires and pays people but does not have a way to hire the very best in changing circumstances or to develop exceptional employees.
- **The compensation perspective**  
Bonuses, incentive pay and meaningful distinctions in pay are used to reward high and low performers but the mechanism is not truly linked to the strategic needs of the business. Goes some way but doesn't fully exploit the benefits of HR as a strategic asset.
- **The alignment perspective**  
Senior management see people as strategic assets but the HR system is not integrated with the operational system therefore HR can't be used to leverage the business perspective.
- **The high performance perspective**  
HR and other executives view HR as a system embedded within the larger system of the organisation's strategy implementation. The organisation manages and measures the relationship between these two systems and the organisation's performance.

(Adapted from: Becker, Huselid and Ulrich 2001)



The focus needs to move from inside to outside the organisation. HR can play a central role in implementing the organisation's strategy and achieving the required outcomes only if they understand what stakeholders define as 'value' and build HR architecture to ensure people can create that 'value'. This concept is central to improving service delivery.

## 4. Models for the future

One of the most influential models of a future for HR has been created by Dave Ulrich in his seminal work '*Human Resource Champions*'. This work focuses not on what HR professionals do but on what they deliver. He identified four generic outcomes for HR:

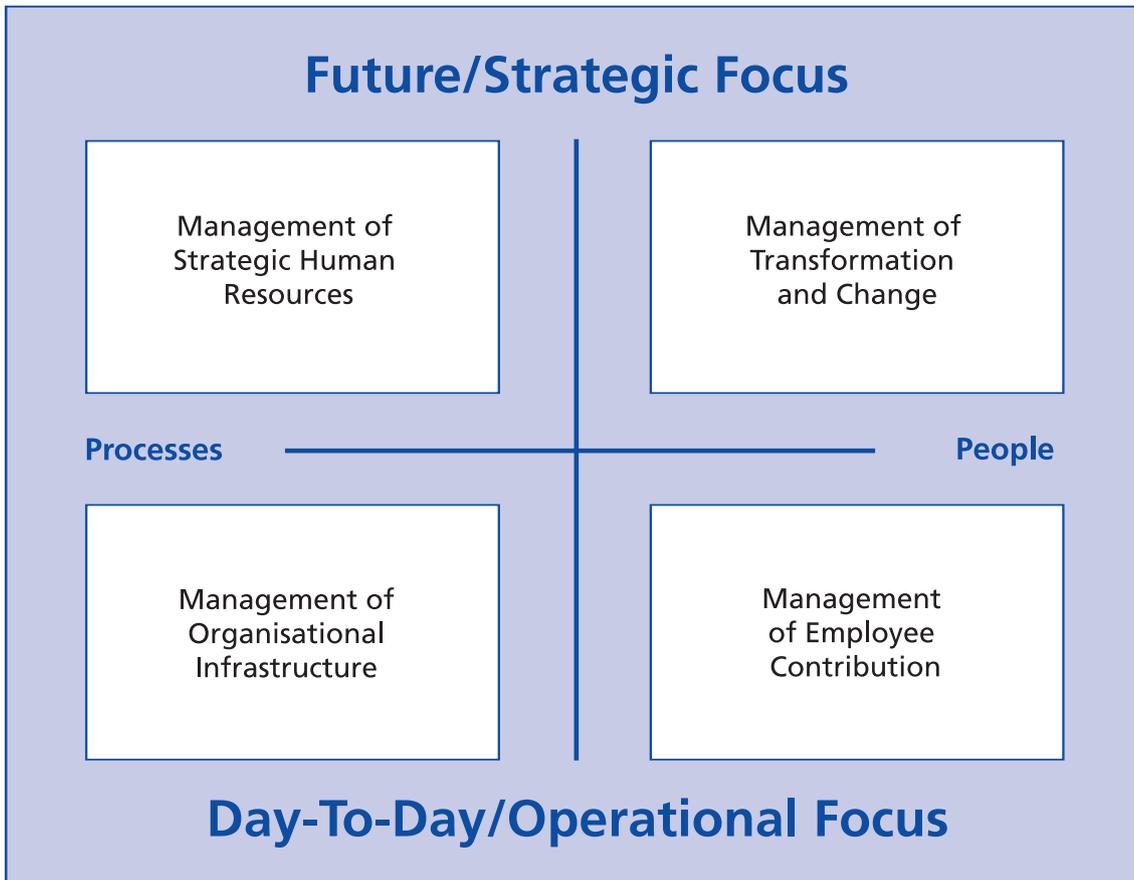
- strategy execution
- administrative efficiency
- employee contribution
- capacity for change.

These four outcomes present four main roles for HR, each described by a metaphor and illustrated in Figure 2.

Figure 2 – Ulrich's definition of HR roles			
Role	Deliverable/ Outcome	Metaphor	Activity
<b>Management of strategic HR</b>	Implemented strategy	<i>Strategic partner</i>	Aligning HR and business strategy
<b>Management of organisational infrastructure</b>	Efficient infrastructure	<i>Administrative expert</i>	Re-engineering processes. Shared services
<b>Management of employee contribution</b>	Employee commitment & capability	<i>Employee champion</i>	Listening & responding to employees
<b>Management of transformation &amp; change</b>	A renewed organisation	<i>Change agent</i>	Managing change

The outcomes are described in a matrix along axes of focus and activities as illustrated in Figure 3.

Figure 3 – Ulrich’s definition of outcomes





All four roles are essential parts of an HR management system, although in many public administrations they are dispersed across different Ministries or Departments. The challenge for HR is to understand how the current HR function performs against this model and identify what changes are required to attain a more strategic role. This shift in roles is described in Figure 4.

<b>Figure 4 – Role shift for HR</b>	
<b>From</b>	<b>To</b>
HR focus	Business focus
Administrative	Strategic
Added cost	Added value
Problem containment	Problem solving
Rules	Risk

A private sector example of this shift is Motorola. This global telecom provider operates in 70 countries and faced a serious business challenge in the late 90's with the overall economic slowdown. Their business units operated in silos with separate HR databases, separate processes, no knowledge sharing and duplication of effort. They set out to create 'One Motorola' through the progressive transformation of their HR system. This was achieved through the creation of an HR centre of excellence, the introduction of e-HR with self- service and the creation of one single HR database. This centre was eventually outsourced to an external provider who works very closely with the HR section in Motorola to ensure that the needs of all stakeholders are understood and met. The result has been to considerably reduce the transactional costs of HR.

This envisaged shift, reinforced by governments' drive for better service and reduced cost, means that HR sections will need to decide how they can streamline time and effort spent on transactional tasks and refocus their efforts to maximise the impact of HR resources. One measure that is used in all sectors is the ratio of staff engaged in HR activities to the number of staff they serve. An example of this in the UK is that recent benchmarking (by Saratoga) suggests the ratio in central government is 1:42 and the aim is to improve this to 1:100+. Figure 5 shows the UK Cabinet Office vision for HR, shifting emphasis and resources from the roles of administration and dealing with individuals to becoming a strategic partner and change agent.

Figure 5 – The shift in the balance of HR roles



## 5. Implications

These models of the HR function provide a structured framework for thinking about how a more strategic approach might be developed. Their influence is apparent, to various degrees, in all returned questionnaires. What the models do not provide is a template that can be applied to all situations. The key requirement is for HR specialists in the Member States to ensure that the balance of roles fits the requirements of the context and supports the Government’s agenda.



## Part Three – Findings

### 1. Overview

Appendix one contains a full summary of the findings from the returned questionnaires. The following discussion will highlight themes and illustrate the various approaches that are being taken.

### 2. Questionnaire section one – The HR Manager

The main roles of HR Managers (question 1.1)

There is widespread acceptance that a major role for HR managers is to supply advice on strategic organisational development. Only three survey participants indicated that currently the main role of HR managers is to manage transactional functions and they noted that the aim is to move towards strategy and advice.

Many responses made a distinction between the HR roles at a central level and a local level. The questionnaire did not envisage that this issue would be explored beyond the most basic level.

Two examples are:

- HRM in Estonia is decentralised so that Ministries, boards, inspectorates, county governments and local governments develop their own HR policies and practices. These must, however, be framed within centrally agreed regulations and policies.
- In Finland, a framework is provided by the State's Personnel and Management Policy and this is carried out at a decentralised local level in a way which supports local aims and needs.

Other roles that were specifically mentioned included: leading change, improving the quality of people management and raising people management capability. These are activities that implement the strategies for organisational development and illustrate the shifting roles identified by Ulrich.

#### Criteria for selecting HR Managers (question 1.2)

Answers to this question illustrate the different approaches that arise from the career system and position system of public administration. For example, contrast Luxembourg's response 'there exists no specific function of the HR director' with that of Sweden 'a single agency sets up its criteria and negotiates them with the Unions before advertising'.

In most administrations, however, there is currently a preference for candidates to have proven experience in HR management in the public administration, and/or a public administration generalist with a professional qualification in HR.

This preference may need to be challenged if the main role of HR managers is changing to more strategic organisational development. This will be a new way of working and different knowledge and skills will be required.

### Specific training and development for HR staff (question 1.3)

There is widespread use of in-house training programmes to develop HR staff. For example, in Ireland a foundation level certificate programme is run by the Civil Service Management and Operations Division, with additional professional training from universities or colleges. Slovenia includes HR content in their special 14 day programme for senior civil servants.

There is, however, a significant challenge ahead for HR staff if they are to fulfil their role of providing advice on strategic organisational development. Although they may be excellent, in-house programmes may not be enough to equip HR in their role of transforming public services.

Denmark has a special development programme for personnel managers that focuses on 'strengthening their role as a strategic sparring partner for management and how the value of HR activities can be documented'. The UK Cabinet Office has developed a framework of professional skills that will enable staff in all areas of the Civil Service to develop the skills and experience needed to design and deliver 21st Century services.

As part of this, HR Professional Standards have been developed under four key areas:

- knowing the business
- demonstrating HR expertise
- acting as a change agent
- building personal credibility.

Each of these areas is calibrated at three different levels of expertise from middle management to very senior civil servants. A self-assessment workbook has been developed that will enable individuals to assess their own capability gaps.

The standards can be accessed at <http://psg.civilservice.gov.uk/>

### Use of external HR advisors/specialists (question 1.4)

The majority of external consultants are engaged for specific projects. It would be interesting to explore whether the learning from these projects can be shared more widely across the Member States.

Six respondents indicated that when advice is needed it is usually provided by experts from within the administration, for example on legal issues or financial questions.

## 3. Questionnaire section two – How HR is organised

### Management of HR administrative transactions (question 2.1)

This question sought to identify where the transactional functions of HR are currently being carried out. Respondents put a very wide interpretation on this and in many cases an element is the shared responsibility of many different parts of the administration thus difficult to allocate to a category.

The picture that emerges is that elements of the HR transactional system are controlled centrally, but the majority of Member States devolve responsibility for operational aspects of HR transactions to the Ministries or Agencies. These Ministries or Agencies may choose to devolve these responsibilities further to line managers.



One example is Germany where the framework laws and payroll administration are centrally controlled. Each Ministry has its own personnel administration, but line managers are responsible for the performance of their own staff through objective setting, training and development and bonus payments.

Little transactional work is currently outsourced except provision of IT.

## Responsibilities (question 2.2)

This question aimed to identify where other elements of the HR system (other than administrative transactions) were being carried out. Again, the responses often indicated that responsibilities were shared across the administration with legislation and policy being the responsibility of one central Ministry, but the implementation being devolved to all Ministries and agencies. Collective agreements and organisational frameworks also influence how things are carried out.

Where a responsibility is centralised it might be in the Ministry for Public Administration or the Finance Ministry. The majority of expert advice is obtained from other appropriate Ministries, for example labour code advice from the Ministry of Economic Affairs and Labour.

A useful illustration is Cyprus. The Ministry of Finance (PAPD – specifically, the Public Administration and Personnel Department) is responsible for aligning business and HR strategy, advice, performance management for some categories of staff, approval of Ministry/Departmental workforce plans, organisational design, pay and grading systems, incentives and commissioning training. The Public Service Commission recruits staff. The Ministries/Departments are responsible for performance management and submitting workforce plans.

In Finland, only expert advice is centralised although there are central frameworks and policies. All other responsibilities are carried out by individual organisations and Ministries.

## How HR policies support improved services to the citizen (question 2.3)

All governments are keen to improve the services delivered to the public. The way in which HR policies will support the improved services fall into two categories:

- good service from staff
- excellent processes to deliver services.

In Greece, legislation has been passed that introduces a 50 day deadline to respond to a citizen's request with the provision for compensation to be paid if this is not met.

Spain has approved a Royal Decree '*General Quality System in Central Government Administration 2*' that includes six programmes to improve services. These are: Demand Analysis and User Satisfaction Assessment, Citizen's Charters, Complaints and Suggestions Management, Quality Assessment, Excellence Rewards and Public Services Quality Observatory.

Estonia has focused on the recruitment of professional competent staff, '*65% of top civil servants were recruited by open competition last year*'.

Hungary aims to improve the level of service through performance based recruitment, the grading system and remuneration.

The Federal Administration in Belgium places the citizen at the centre of the administration's concerns and several measures have been put in place to improve service. These include redefinition and simplification of procedures, increased competence through training and the use of a quality approach.

## How senior Managers view HR (question 2.4)

It is interesting to note that only nine Member States responded to this question and yet the relationship between senior managers and HR is a fundamental part of any HR transformation programme.

The themes that emerged are that senior managers want:

- more strategic, responsive HR
- restructuring of how HR is delivered
- better alignment between operations and HR.

The response from Belgium supports this very clearly. *'The HR strategies are adapted to new challenges from the administration by changing from a personnel management, previously heavily biased towards administration, into a human resource management more geared towards services and competences'*.

It is a common criticism of HR specialists that they only talk to other HR specialists. Do the HR staff really know what senior managers think about the services being provided? Partnering the business through the provision of strategic HRM requires a strong relationship with senior managers. This may be a fruitful area for HR to explore further.

## How staff view HR (question 2.4 part two)

Only eight Member States responded to this question and two of those responses were *'not known'*. This would emphasise the point raised above, that HR really needs to develop a close relationship with its customers to understand what their needs are and develop HR services accordingly.

This raises an interesting question about who the customer is for HR services. In their latest work, Ulrich and Brockbank deal with the concept of HR value. They consider that HR professionals add value when their work helps someone reach their goals (assuming these are synonymous with organisational goals). Thus HR specialists and HR practices must produce positive outcomes for key stakeholders if they want to add value.

## Methods to find out about the needs and opinions of staff (question 2.4 part three)

There were a large number of methods identified in answer to this question, the most common being; The Common Assessment Framework, EFQM or benchmarking, discussion and employee participation. This makes the lack of response to the previous two questions rather puzzling and may be a function of the questionnaire design.

It does, however, raise interesting questions. If HR sections have such a wealth of data available to them what happens to it? How can this be used to inform the development of HR interventions that will help to transform the public services?



## 4. Questionnaire section three – Internal and external drivers for change

### Main factors driving change (question 3.1)

The majority of responses identified the following as the main factors driving change in their administrations:

- demography of populations (including both an ageing population and increased mobility of the workforce)
- political initiatives (mainly the need to improve service delivery)
- changes to budgetary requirements.

### HR responses (question 3.2)

The most common response can be summarised as changing the structure of the HR system and thus the role of HR staff. This includes becoming more strategic, dealing with transactional HR processes and delegation to Ministries. It also involves reducing the number of HR staff and acquiring HR staff with different skills.

The Commission is putting a strong emphasis on results and performance by; empowering line managers, making better use of and giving professional skills to existing staff, planning to increase managers' strategic role and has plans to recruit new HR staff.

There are, however, a number of Member States whose starting point when responding to the major drivers has been to change or implement new legislation. The Czech Republic is looking forward to the implementation of the Civil Service Act in 2007. The view is that *'it will definitely improve the efficiency of the state administration (unifying HR affairs). It will reduce the administration staff while maintaining and fostering capable staff. It will also reorganise structures in the Ministries.'*

Faced with stiff competition from the private sector, Malta has taken action to enhance the attractiveness and image of the public service in order to recruit highly skilled and adequately qualified staff.

Timescales for these responses vary from 'the end of next year' to five–ten years.

## 5. Questionnaire section four – Changes made to the HR function over the last 18 months

It would have been interesting to take an example of changes to the HR function from each of the Members States as a case study. Unfortunately neither time nor the amount of detail on the questionnaire would allow for this. It has been possible, however, to describe an example from each of the categories below, generally following the structure of the questions in section four. These mini case-studies are in Part Four. The exception to this is *diversity* which has been the subject of a separate UK Presidency report.

Two responses that highlight forthcoming changes might be useful for further study. One is the Netherlands where plans are in place to introduce one shared transactional HR service centre for the whole central government administration. Another is France, where greater responsibility for HRM is being devolved to line managers.

## 6. Key changes in HR function (question 4.1)

The following table identifies the issues chosen in response to this question. It is clear from the answers throughout the questionnaires that there are many more initiatives that could have been discussed. Responses to this question often referred to a number of initiatives and they have been categorised by what seemed to be the main changes to HR.

Restructuring HR to separate out transactional HR services from the provision of strategic HR, or delegating to line managers	Netherlands Austria Finland UK France
Passing legislation or changing conditions of service that will change the nature of the public service and HR management in the future	Ireland Czech Republic The Commission Cyprus Italy Malta Poland Slovenia Spain Greece
Action to increase diversity in government administration	Sweden Denmark
Initiatives to improve performance or productivity of HR staff	Hungary Germany Belgium Lithuania Commission

### Outcomes sought (question 4.2)

Two respondents who went on to complete this part of the questionnaire indicated that all four suggested outcomes were sought. These were greater efficiency/less cost, greater effectiveness/less errors, faster service to the citizen, more effective workforce planning and deployment.

Additional outcomes were also identified and are listed in Appendix One.

### Were the outcomes achieved? (question 4.3)

Most respondents made the point that it is far too early to measure the success of changes initiated within the last 18 months.

There are, however, some indications that change is taking effect. In Cyprus, for example, the recruitment of new highly qualified staff is seen as influencing a change in attitude.

In another example, feedback from Poland is that the new Civil Service Code of Ethics is very helpful.

Slovenia considers that fewer enquiries are an indication that new legislation has been successful.



## Difficulties and solutions (question 4.4 and 4.5)

Difficulty	Overcome by
Size and diversity of organisation	Working with networks of representative teams and also the Trade Unions
Limited budgets	Prioritisation of budgets
Culture/attitudes	<ul style="list-style-type: none"><li>• Development of competences</li><li>• New legislation</li><li>• Convincing key stakeholders</li><li>• Training</li></ul>
Staff scepticism/reticence	<ul style="list-style-type: none"><li>• Greater participation</li><li>• More transparency</li><li>• Top-down support</li></ul>
Trade Unions	Negotiation
Poor senior management engagement	<ul style="list-style-type: none"><li>• Early engagement</li><li>• Getting basic HR things right</li></ul>
Poor line management engagement	<ul style="list-style-type: none"><li>• Partnership working</li><li>• Getting basic HR things right</li></ul>
Capability gaps	Development of competences training
Political resistance	Dialogue
Reaching consensus	Subject of a review
Inconsistency in legislation	Redefinition
Delays	Prioritisation
Managing the quantity of work involved in the changes	Cooperation between HR and line managers
Integration of new technology	Training and development

## Lessons learnt in implementing change (question 4.6)

These can be classified as:

- There needs to be clear communication about why change is needed and what it will entail.
- Top management commitment is essential from the outset.
- Involve stakeholders, consult and take into account diversity.
- A good plan is needed but no one size fits all and it is important to get the simple things right.
- Use quick wins to keep momentum.
- Good project management/coordination is essential.
- Managers need support in implementing change.

## Government priorities (question 4.7)

The responses identified a number of different priorities which are listed in Appendix One.

The main ones identified were:

- Competences/better training for managers and senior staff.
- Improved recruitment, diversity and mobility.
- Better service management and delivery (quality).
- Evaluation system.
- Improved strategic HR management and planning.

## Plans to continue to respond (question 4.8)

Not all responses completed this question and those that were received cover a variety of approaches and illustrate the breadth of HR interventions. The link between government priorities and HR plans is very clear in some cases. For example, Ireland refer to a new national partnership agreement that will address the four government priorities previously identified.



## 7. Summary of key findings

Part three of this report aimed to identify themes from the questionnaires and illustrate them. The following are the key themes that emerged in the answers to various questions:

- All governments are looking for an improvement in the quality of services delivered to the public, greater efficiency and a reduction in cost.
- Governments also recognise that the public service need more, or different skills, in the future and training, development and competences are one of the main HR interventions.
- The way in which HRM is carried out across the various public administrations may vary, but most are aiming to make efficiency savings through the use of IT to support HR transactions.
- Many administrations based on the 'career system' are re-examining the legislative framework governing the status of public servants, introducing some flexibility into their people management systems so that they can respond to the drivers of change.
- In many countries the way in which public servants are recruited is being reviewed to include performance competence not just academic qualifications.
- The influence of 'thought leaders' such as Dave Ulrich is very clear in the changes either made or being sought for HR staff to have a more strategic role.
- There is recognition that the role of both senior and line managers is essential for any HR transformation to be successful. What is less clear is the nature of the relationship that HR specialists have with them.
- The division of responsibilities for performance management between HR and line managers is a key issue.
- Many of the changes that are being introduced cannot be evaluated in the short-term.
- From the responses provided to the survey, there was very little direct or coincidental evidence to suggest that the Lisbon Strategy has exerted a major influence on the role of HR strategies within public administration.

## Part Four – Illustrative case studies

### Case study – Austria

Austria has developed a central HR Information System (HRIS) which provides services for 160 personnel offices in 18 Ministries. The services include personnel services i.e. *'starting and ending a career in the federal administration, all events during the career, payroll, data transfer to social insurance and tax authorities'* and also structure of organisation and responsibilities.

This system will be administered by 4,000 people and provide services for 170,000 'active staff' and 80,000 pensioners. Maintenance of the IT service has been outsourced to the *'Federal computer centre'*.

One of the main drivers for change in Austria is a move to e-Government and the government priorities are IT, improved efficiency and reducing headcount whilst improving quality.

The outcome sought from the introduction of HRIS is less costly public administration with enhanced service. These outcomes have been achieved. *'The same or more tasks are being carried out at a constantly high quality with a constantly decreasing number of employees'*. The full effects of HRIS have yet to be felt but it should lead to a reduction of at least ten per cent of HR staff with an annual monetary benefit of ten million Euros.

The main difficulties encountered were the fear of change, particularly by older employees, and the adaptation of standard software to the needs of public administration.

To overcome these difficulties one-to-one coaching and special training was developed to help employees overcome their fears and financial incentives can also be used. The HRIS software was re-programmed or regulations changed.

### Case study – Slovenia

Major structural and regulatory changes are being introduced in Slovenia as a result of gaining membership of the EU. These include the setting up of a new Ministry of Public Administration, changes to the CSA (Civil Service Act), implementation of the Freedom of Public Information Act, introducing the Decree on Administrative Operation and changing the Decree of Organisation and Post.

These changes focus on making the processes of government more transparent, reduce the entitlements of civil servants bringing conditions of service more in line with those of the private sector, clarify civil servants' duties and standardise and simplify HRM processes. These initiatives have the full support of the government. The outcomes expected are a more efficient, less costly public administration with a one per cent reduction in employees each year. Faster service and more flexibility in HRM is also sought.

The change methods started with changes in legislation and regulations and these were implemented through regular meetings between HR staff and managers in the Ministries and other bodies. Special training was developed for new procedures.

Evaluation measures are not yet in place, but informal feedback is that Ministries and departments are receiving fewer questions about how to apply the regulations.



The main problem encountered was that the implementation of the regulations needed to be more consistent with better definition of processes. Problems were also caused by changes in regulations and the issues raised by Slovenia having different types of civil servants.

In order to overcome these difficulties the regulations had to be improved and the procedures clarified.

The problems were solved by working together with HR colleagues in Ministries and other bodies.

The main lesson learnt was that a systematic, attentive approach to change is needed.

## Case study – UK

### **Whitehall HR shared services**

Three Government Departments (HM Treasury, the Cabinet Office and the Office of the Deputy Prime Minister (ODPM)) decided in 2004 that they would seek to transform the way that HR services had been traditionally delivered in the three Departments. Responding to Government initiatives, they decided to examine the feasibility of creating one HR shared services facility to provide comprehensive administrative and some advisory services to all staff in the three Departments and, in accordance with the recommendations of the Lyons report, to locate that facility outside the South-East of England.

The principal objectives of the project are to:

- modernise and improve the delivery of HR services
- achieve savings in the annual running costs of the three HR functions
- demonstrate the viability of cross-Department cooperation and thereby contribute to the three Departments' response to the Gershon report
- provide a demonstration project from which other parts of the Government and the wider public sector can learn.

The project scope encompasses the following high-level activities:

- build an HR shared services facility which will provide a comprehensive HR administration and level 1 advisory service to all staff of the three Departments. The facility will initially support the 5,800 staff of the three Departments, but it is intended that it will be able to support other Government departments and agencies in future
- install a modern HR information system to underpin the work of the shared services facility and also the retained HR functions of the three Departments
- provide self-service facilities to employees and managers of the three Departments
- introduce standardised and streamlined HR processes
- support the use of online tools in routine HR processes, including recruitment and staffing, absence reporting and training administration.

The project completed its 'definition' stage at the end of March 2005, and is now part way through 'design', which includes the development of a procurement strategy and the definition of detailed requirements in the form of an invitation to tender.

## Case study – Germany

Germany is focusing on enhancing performance related pay and career mobility. Initially this required a draft 'structure reform law' but later involved Ministries in:

- organisational restructuring
- development schemes focusing on communication skills, management competency and international experience
- changes in recruitment strategy with a view to improving skill and demographic mix
- improved methods to deal with conflict of interest.

The outcomes sought were a more efficient, effective and faster public service. The methods used to introduce the changes included management rules for senior staff, project management, focusing of knowledge management and personnel resources, quality circles and improved feedback.

The results of the change have yet to be evaluated.

The main difficulties encountered were; the scepticism and reticence of staff, the need to refocus and train staff, including senior staff, financial constraints. These difficulties were overcome through participation, especially of unions, greater transparency, focusing resources, gaining top down support and flexibility in resource planning.

The main lesson learnt during the introduction of this change was to involve staff as early as possible.



# Appendix One – Summary of questionnaire responses

## Section One – The HR Manager

<b>Q1.1 The main roles of HR Managers</b>	
Supply advice on strategic organisational development	19
Providing expert advice	14
Managing transactional functions	13

Three responses, where currently the main role of HR is to manage transactional functions, noted that the aim is to move towards strategy and advice.

Other roles included; leading change, improving the quality of people management and raising people management capability.

<b>Q1.2 Criteria for selecting HR Managers</b>	
Proven experience in HR management in the public administration	14
Proven experience in HR management in the private sector	7
Public administration generalist for training	9
Public administration generalist with professional qualification in HR	10

Three respondents made the point that the aim is to select the best individual for the job and this involves fine judgement on their ability to perform well. All of the above criteria might be used as indicators in this selection process.

<b>Q1.3 Specific training and development for HR staff</b>	
Training to gain professional qualifications	6
Structured training programme (but see note * below)	13
Training – provided by a government agency	9
Training – bought through the market	4

\* Many public administrations include HR as part of structured development programmes for managers. Others offer seminars on specific topics, particularly those who recruit qualified HR staff.

Only two responses indicated no training was provided.

The responses to the question asking 'which of the staff received training?' mainly indicated 'HR staff' but it was clear in a number of cases that HR as a topic was included in senior management programmes.

Q 1.4 Use of external HR advisors/specialists	
External consultants for specific projects	16
Fixed term appointments for specific roles within the administration	6
Advisors to own HR managers	4

Six responses indicated that when advice is needed it is usually provided by experts from within the administration.

## Section 2 – How HR is organised

Q 2.1 Management of HR administrative transactions				
Element	Centrally	Ministry/Dept agency	Line manager	Outsourced
Regulations	4			
Policy	5			
Conditions	1			
Pay	2	2		
Personnel planning	2	2		
Pensions	2			
Recruitment	4	5	3	
Payroll/salaries	4	5	1	
Records	2	5	2	
Promotion		1	1	
Training and development	2	3	5	1 (some)
Sickness			2	
Time management		2	1	
Performance management		1	2	
Employee relations	1			
Appraisal			2	
IT				1

Respondents put a very wide interpretation on this question and in many cases an element is the responsibility of many different parts of the administration thus difficult to allocate to a column. The above table reflects the information provided in the questionnaires but should not be seen as an accurate reflection of the way in which HR responsibilities are carried out.

It does, however, show that little transactional work is currently outsourced.



<b>Q 2.2 Responsibilities</b>			
<b>Activity</b>	<b>Centralised</b>	<b>Ministry/dept agency</b>	<b>Line managers</b>
Aligning business & HR strategy	11	6	
Expert advice	17	1	
Performance management		8	10
Workforce planning	10	10	
Organisational design	6	12	
Pay and grading	14	5	
Recruitment	4	14	2
Reward (incentives)	7	9	1
Staff commitment	6	7	1

Respondents often indicated that responsibilities were shared across the administration. Collective agreements and organisational frameworks also influence how things are carried out.

Not all questionnaires gave information on all activities.

<b>Q 2.3 How HR Policies support improved services to the citizen</b>	
Encourage public sector ethics (& codes of conduct)	5
Recruitment of skilled good quality staff	5
Retention of skilled good quality staff	2
Rewards	2
Policy to support diversity	2
Reduce sick absence	1
Increase staff motivation	1
Employee participation	1
Staff development	7
Training in customer care	2
Professional qualifications	1
Devolved authority to enable responsiveness	4
Simpler procedures	1
Reduced bureaucracy	3
Improved management	4
Introduction of specified deadlines	1
Improved communications	3
Citizens charters	3
Complaints and suggestions procedures	1
Satisfaction survey introduced	1
Quality approach	4
Efficiency gains	3
e-government	4
Restructuring	3

<b>Q 2.4 How senior managers view HR</b>	
Quality can be improved	1
HR needs to be more strategic	3
Want direct transactional services	1
Management Information is insufficient	1
Want revised processes – current ones too bureaucratic	2
Want quicker devolvement of responsibility to line managers	1
Want to be more connected with the HR agenda	1
Want more support from HR recharging needs	1
HR should spend more time on HR activities and less on the work of leaders	1
HR should include continuous reform and assessment	1
Regulations too rigid	1
HR needs to solve problems not create obstacles	1

Only nine Member States responded to this question.

<b>Q 2.4 (part 2) How staff view HR</b>	
Not quite satisfied	2
Senior staff are not competent because systems to appraise, develop, and reward staff are poor	1
HR needs modernising	1
Leaders don't perform essential HR activities	1
Managers want direct transactional services	1
Not known	2

Only eight Member States responded to this question.



<b>Q 2.3 (part 3) Methods to find out about the needs and opinions of staff</b>	
Surveys	4
Evaluation	2
Discussion/feedback	6
Common Assessment framework	8
Employee participation/Trade Unions	5
EFQM/Benchmarking	6
Information sharing sessions	1
Internet chat rooms	1
Complaints	1
Specific projects	2
Diagnostic internet mirrors	1

### Section Three – Internal and external drivers for change

<b>Q 3.1 Main factors driving change</b>	
Workforce mobility due to EU enlargement	4
Political initiatives	15
Changes to budgetary requirements	12
EU employment legislation	7
Demography of populations	16
Sustainable development	3
Environmental issues	2
Corruption	6
Observation of practice in other countries	4
Need to meet international standards	5
New legislation	3
Increasing productivity	1
A new government	1

The overriding political initiative is the need to improve service delivery.

Demographic trends include both the ageing population and also mobility of the workforce.

Three of the references to international standards were concerned with e-government.

<b>Q 3.2 HR responses</b>	
Delegation to ministries	8
Recruitment of new HR staff	8
Reduction in the number of HR staff	4
Change in role of HR staff to become more strategic or deal with transactional HR processes	13
Professionalising HR	1
New regulations	3
Restructuring for efficiency	1
Wide ranging review of the public service	3
Training	1

Timescales for these responses vary from 'the end of next year' to five–ten years.



## Section four – Changes made to the HR function over the last 18 months

Q 4.1 Key changes in HR function	
Restructuring HR to separate out transactional HR services from the provision of strategic HR	Netherlands Austria Cyprus Finland UK
Enabling line managers to manage performance through devolved power and development	France
Passing legislation that will change the nature of the public service and HR management in the future	Ireland Czech Republic Italy Malta Poland Slovenia Spain Greece
Action to Increase diversity in government administration	Sweden Denmark
Initiatives to improve performance or productivity of HR staff	Sweden Hungary Germany Belgium Finland
Improving HR through written instructions or training	Lithuania Commission
Changes to conditions of service to make the public service more attractive	Malta

Responses to this question often referred to a number of initiatives and they have been categorised on what seemed to be the main changes impacting on HR.

### Q 4.2 Outcomes sought

Respondents who went on to complete this part of the questionnaire indicated that all four suggested outcomes were sought. These outcomes were:

- greater efficiency/less cost
- greater effectiveness/less errors
- faster service to the citizen
- more effective workforce planning and deployment.

Additional outcomes were identified and included:

- increased motivation
- elimination of bureaucracy
- greater flexibility
- transparency
- mobility
- streamlining of the organisation

- meeting the challenges posed by accession to the EU
- higher quality of HR services and strategic advice.

Methods included:

- visits for top management to organisations recognised as having 'best practice'
- training/mentoring
- project control
- extensive discussions (for example with staff or Trade Unions)
- legislation/regulations
- quality circles/re-engineering
- improved communication/feedback
- developing competency frameworks
- recruiting external talent.

### Q 4.3 Were the outcomes achieved?

Most respondents made the point that it is far too early to measure the success of changes initiated within the last 18 months.

Q 4.4 and 4.5 Difficulties and solutions	
Difficulty	Overcome by
Size and diversity of organisation	Working with networks of representative teams and also the Trade Unions
Limited budgets	Prioritisation of budgets
Culture/attitudes	<ul style="list-style-type: none"> <li>• Development of competences</li> <li>• New legislation</li> <li>• Convincing key stakeholders</li> <li>• Training</li> </ul>
Staff scepticism/reticence	<ul style="list-style-type: none"> <li>• Greater participation</li> <li>• More transparency</li> <li>• Top-down support</li> </ul>
Trade Unions	Negotiation
Poor senior management engagement	<ul style="list-style-type: none"> <li>• Early engagement</li> <li>• Getting basic HR things right</li> </ul>
Poor line management engagement	<ul style="list-style-type: none"> <li>• Partnership working</li> <li>• Getting basic HR things right</li> </ul>
Capability gaps	Development of competences training
Political resistance	Dialogue
Reaching consensus	Subject of a review
Inconsistency in legislation	Redefinition
Delays	Prioritisation
Managing the quantity of work involved in the changes	Cooperation between HR and line managers
Integration of new technology	Training and development



#### Q 4.6 The lessons learnt are:

- Need for transparency.
- Staff need to be informed about why the change is needed and what it entails.
- Good communication is essential.
- Use quick wins to keep momentum.
- Get the simple things right.
- No one size fits all.
- Practical rather than theoretical.
- Consult and take into account diversity.
- Good project management/coordination is essential.
- Get top management commitment from the outset.
- Involve and inform stakeholders.
- A good system of monitoring and evaluation is important.
- Attitude change is difficult to achieve.
- HR needs to be closely integrated into the strategic management of the organisation.
- Policy is made of small steps taken gradually.
- Managers need support in implementing change.
- Involve HR as soon as possible.
- There needs to be a systematic, attentive approach to implementing change.

Q 4.7 Government priorities	No of responses
Change priority	1
Review of careers in the Public Service	1
Leadership development	1
Re-engineering	3
New management culture	4
Better service management and delivery (quality)	11
Competences/better training for managers and senior staff	2
Addressing skill gaps	2
Increased professionalism of HR	2
Improve efficiency	9
Improved recruitment, diversity and mobility	3
New remuneration system	4
Evaluation system	3
New legal framework/better regulation	2
Simplification of procedures	1
Improved job descriptions	1
Better IT	1
Better HR information systems	2
Reinforcing ethics and integrity in the public service	1
Efficient and effective use of EU structural funds	4
Improved strategic HR management and planning	1
Better change management	1
Motivating employees	1
Introducing more flexible structures	1
Pension reform	1
IT support of all HR processes with standard software	1
Deregulation/decentralisation/outsourcing	1
Improved HR services	1



#### Q 4.8 The HR response was:

- National Partnership agreement (Ireland).
- Strengthening of decentralised model by cooperation and exchange of experiences through SAGE (Sweden).
- 11 initiatives (Austria).
- Set up the right structures, processes and systems that will support change (Cyprus).
- Focus on job evaluation and competency framework for top civil service positions (Estonia).
- Programmes of professional training (France).
- 'Human Governance' programme to share a new culture in the public administration (Italy).
- Continuation of the federal government programme 'Modern state/Modern Administration and assessment of reform approaches (Germany).
- New legislation and more financial resources (Greece).
- Ongoing partnership between Civil Service Corporate Management and the HR community (UK).
- Professional Skills for Government Programme (competences) to develop both HR and Management capability (UK).
- Prioritisation and planning of projects (Belgium).

Not all respondents completed this question, but the answers above illustrate the breadth of HR interventions and variety of approaches.

## Appendix Two – References

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