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INTRODUCTION:

This report will overview the key issues that are raised in the case study, which is the lack of competent HR, and struggle to find the right person. They were ready to invest in "creating a talent pipeline".

It is important to make research on this issue because they are not the only private sector company that face this issue, as trained people are looking for a long-term job, and security, while they know this is hard to find in the public sector, so to play it safe, everyone is looking for a job in the private sector.

The following questions will cover and define what is human resource management and how does it impact the public versus the private sector organisations. Agency theory will be used to show how they have more power in the private sector, and resource-based view is used to explain how it applies and how it can be improved. Organisational factors and their effect on how HR can make use of them in their favour. Conclusion is drawn at the end.

Q1:

To be able to give an answer to this question, firstly we must define what public sector is and what is private sector.

Public sector:

According to Lienert, (2009) the concept of ownership is critical in distinguishing between the public and private sectors. Fundamentally, ownership refers to the possession of property, over which the owner has rights and authority. The public sector is defined in GFSM2001 as the sum of units that include "government" and public enterprises. Because public firms can be either financial or nonfinancial, the public sector is divided into three major economic sectors: government, financial, and nonfinancial. Here HR does not have much power in taking decisions, just because they cannot impose themselves, due to lack of trust, and appreciation.

Private sector:

The private sector must play a larger role in identifying and prioritising climate change risks, response measures, and adaptation. The expanding empirical experience with adaption programmes financed by climate funding demonstrates the importance of the private sector's engagement. Successful private sector adaptation engagement will catalyse greater investment in vulnerability reduction, which will accelerate the replication of climate-resilient technologies and services in core development sectors, particularly in developing countries where long-term infrastructure investment is growing rapidly. There is a different story with HR in private sector, as here they leave a mark when taking decisions, just because there is already trust and a culture formed. Here they have more decision power (Biagini & Miller, 2013).

Companies in the public sector typically operate on a not-for-profit basis with the goal of serving, aiding, and protecting the public. Private sector companies, in contrast, operate on the principle of maximising profits and revenue streams, frequently by investing in new products or marketing to new demographics. The presence of non-profit organisations in the private sector is a significant distinction in this field (Indeed, 2022).

PUBLIC VS PRIVATE SECTORS

The most significant differences between public and private sector organisations in the area of human resource management may or may not have been eliminated by public sector reforms motivated by radical structural changes, privatisation of some governmental functions, or adoption of New Public Management technologies (Poor, et al, 2009). But still, what is the difference between the two? According to Harel and Tzafrir (2001) the public-sector management emphasises HRM domains that deal with employee selection (likely due to stricter EEO regulations in government organisations) and grievance procedures due to the higher unionisation rate while in contrast, private sector management emphasises on employee development and performance-based compensation. There is also evidence that the public sector is "getting" closer to the private-sector model by using "high performance work practises" in order to deal with the volatile environment and public demand.

As for example in the assignment brief East Coast County, a public sector, it was struggling to fulfil the HR positions, while in conducted research by Aburumman, Omar and Irianto (2023) it shows that the top HRM practises include career opportunities, remuneration, HR planning, performance review, promotion, recruiting and selection, training, and development. There are three practical implications: 1) Use HR planning, recruitment, and selection practises to find talented people who can help the organisation reach its goals; 2) Use compensation practises to meet employees' needs and motivate them to act in the way the organisation wants; and 3) Use career opportunities, performance reviews, promotions, and training practises to help employees move up. All of these are private sector practises.

Q2:

To answer this question the Agency Theory will be used to explain how the sector is important when it comes to HR efficiency.

AGENCY THEORY:

Agency theory is a concept that is used to understand and resolve issues in the connection between the owners of corporations and the agents working for those corporations. This is accomplished by placing primary emphasis on the functions that are performed during the transaction process by both principals and agents. The most common relationship that exists

between firm shareholders, who ¹³ play the role of principals, and company executives, who ¹⁰ play the role of agents, is the one described above (Kopp, 2021).

Despite the fact that agency theory may not possess ²⁰ a distinct place in sociology, agency relationships are ever-present and can be found hiding under a variety of other names, such as bureaucracy, organisations, professions, roles, markets, labour, government, family, trust, and social exchange, among many others (Shapiro, 2005).

There are a few problems with the Agency Theory as identified by Evans and Tourish, (2017) individual employee performance is judged based on short-term measures, developmental feedback is hampered by linking appraisals to pay and a close look at performance, individual performance is valued more than team performance, and it's hard to measure performance correctly and objectively.

As mentioned in question one, HR has a more important role in private sector, than it has in public sector, because they gained trust and appreciation. Usually in the public sector there is a flat organisational structure, where in private sector it is more often to find a hierarchical structure, due to this it is easier for HR to have more control in a private sector company (Parhizgari & Ronald, 2004). ⁷ Agency theory provides unique insight into information systems, outcome uncertainty, incentives, and risk. It's mostly empirically valid when paired with complementary ideas (Eisenhardt, 1989).

In the case study the company mentioned is part of the public system, and what they say is that they struggled with finding reliable and prepared HR employees, this can be just because the prepared people, prefer to go and work for a company where they will have a future and an important role, where all their efforts are rewarded, and they feel appreciated. Engagement may appear to be ²⁵ an easier win in the non-profit sector, but it is far from it. ²⁶ HR practitioners in the private sector have far more leeway to be creative at all levels (Roper, 2017).

Many organisations around the world now use HR as a way to draw and keep good employees. This is because it can be hard to find and hire top talent, which is in high demand. So, companies spend a lot of money and time on building the "right image," as well as its principles, culture, and character, in order to attract new and current employees. Only companies with better HR are in a better position to win this never-ending war for rare talent (Parmar, 2014). In the private sector HR has a huge impact when it comes to how a company is seen, and how employees approach it.

Human resource ⁸ management has a direct effect on how employees act in the private sector. Because of this method, human resource applications in the private sector must encourage new ideas and innovations from employees and work towards reorganising the workplace to make employees happy (Uslu, 2015). One measurable aspect of any business ⁵ is the calibre of its human resources. Therefore, human resources are one of a company's

most valuable assets because each employee has unique abilities and experiences that can greatly benefit the company. This is true both for the employees themselves and for the company as a whole. Personnel, Human Resources Strategic, and Talent Management have all evolved and changed the company's human resource management. Human resources can be stated to be a decisive factor in a company's success or failure to achieve its goals (Harimurti & Hermawan, 2021). A study conducted by Bertillo (2013) on British Airways, a private company show that there is a connection between HRM and organization performance and that a successful organization's management of its people resources directly affects how smoothly it runs. Any industry needs to understand this at the very least. People are the best resource that any organisation can embrace, especially if that organisation is in the highly sensitive, service-oriented industry. By utilising HRM that is characterised by the best practises in the sector, the aspects of risk connected to an ineffective human resource component are effectively minimised, if not entirely removed.

Q3:

Resource Based View Theory: The best way HR can have employees that will help the company achieve the strategy goals is by employing trained people, and here Resource Based Theory will help explain it.

One of the most widely used and referenced management theories is the resource-based view (RBV). It clarifies the origins of a company's long-term competitive advantage within the company itself (Kraaijenbrink, Spender & Groen, 2010). These competitive advantages are attributed to the following sources:

Regulatory: Possession of legal entities such as intellectual property rights, contracts, trade secrets, and so on results in regulatory capability.

Positional: competence is the result of previous acts and decisions.

Functional: The ability to do specified things is referred to as functional capability. It is built on the knowledge, abilities, and expertise of employees as well as others in the value chain such as suppliers and distributors.

Cultural: competence encompasses the habits, attitudes, beliefs, and values that pervade individuals and groups within an organisation (Fossas Olalla, 1999).

This simply shows that even if HR within a company is able to develop employees that will align with the firm strategies, the best and secure way to have such employees is by hiring the trained people, that have already achieved the level the company requires, on their own, and have worked hard for the capabilities they possess.

Another idea, according to Walker and MacDonald (2001), is to implement a balance score card for HR practices. The HR Balanced Scorecard allows you to monitor workforce

indicators, analyse workforce statistics, identify workforce issues, assess the negative financial impact, prescribe solutions, and measure improvement, but this will have a better application to the employees that the company is training, not for the already trained employed staff.

It all comes back to people, and how well is HR able to manage them in the different sectors. As human resource management is so important now days in the firm, this brings us to question two, where agency theory was discussed, and shows that HR will have different levels of powers in the two sectors. More power in private sector, where they can have power of decision on who gets to be employed in the company, compared to public sector where the power of that decision does not lay with them anymore. This is a crucial power that determines if a company and its employees follow the same goal, or each have separate outcomes in mind.

Q4:

Organisational climate affects communication, cooperation, creativity, employee happiness, morale, and more. These aspects determine organisational effectiveness. Two-way communication, cooperation, and positive employee perceptions make an organisation more effective. These workers are more devoted and satisfied. Productivity will increase. Thus, excellent organisational atmosphere improves employee contentment, relations, and productivity (Farokhi & Murty, 2014).

Research done by Agarwal and Bose (2004), shows a strong connection between HR and organisational factors, and how they affect employees. The results show how important the work culture is in building an environment that can improve people's sense of procedural justice in both the private and public sectors of human resource management. Both private and public sector organisations can improve how people feel about procedural justice by creating an environment that encourages innovation, builds trust between superiors and subordinates, and encourages participation in decision-making and care for members.

Human resource management experts have been stressing the need for more sustainable HRM systems to improve people's long-term viability for the past decade. The global business environment has shifted dramatically over the previous decade to fifteen years, and many companies are now perceived to be working towards more than one goal.

Sustainable HRM: When it first emerged, Sustainable HRM referred to Socially Responsible HRM activities; however, its primary goal has since shifted to the management of economic risks associated with people management practises in supply chains in developing countries rather than the improvement of workers' living conditions in those chains.

Green HRM is a relatively recent concept, having only been around for around a decade. However, not all HR actors are persuaded that addressing ecological concerns should be a

central HRM role, despite some progress in the HR field towards supporting ecologically responsible workplace practises.

² Triple Bottom Line HRM: The three presumed goals of human resource management—economic, environmental, and social—are all addressed at once in ¹⁷ Triple Bottom Line HRM.

Common Good HRM: With the advent of Common Good HRM, businesses and HR departments have a new perspective on their missions and roles. Organisations need to re-evaluate not only how they comply with regulations, but also how they conduct business generally, with less emphasis on financial gain and more on environmental and social good (Aust, Matthews & Muller, 2020).

CONCLSION:

¹⁸ In conclusion it is safe to say that human resource management has more power and agent in the private sector organisations rather than in public sector. It has this power because within the private sector they can develop a better strategy on how to manage the employees. Also, the hierarchical structure within the private sector gives them a higher position.

To be able to have the same position in the public sector, the HR should try and get more involved, as well as the companies in the public sector should give them more power of decision, and follow the plan that HR will develop further, in order to get the same outcome as in private sectors. Also, HR should be more confident in taking decisions and have a stronger will and acting in the public sector.

In my opinion, HR are the ones that can change the way they are viewed in the public sector just by asking for more rights.

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