

Human Resources

by Donna Hutchinson

Submission date: 23-Jun-2023 02:50PM (UTC+0100)

Submission ID: 209381051

File name: 15771_Donna_Hutchinson_Human_Resources_504349_1190404993.docx (504.68K)

Word count: 3020

Character count: 17180

MASTER OF BUSINESS
ADMINISTRATION
HUMAN RESOURCE MANAGEMENT
Module code: LCMB 7000
Lecturer : Prof D G Pepple
Donna Hutchinson 1817686



Contents

Introduction ~ Page 2

Human Resources ~ Page 2

ECC and human resource management ~ Page 3

How does hr in private sector differ from hr in the public sector. ~ Page 3

Bureaucracy within Human Resources and how can HR develop employees to achieve strategy goals ~ Page 4

Organisational Structure ~ Page 5

Agency theory, and its purpose within Human Resources ~ Page 5

How can Human Resources develop effective strategic goals within the ECC utilising Resource Based Theory ~ Page 7

The Future and ECC ~ Page 7

Conclusion ~ Page 7

References ~ Page 8

Introduction

Business practices have evidenced the efficiency of partnerships businesses of, sometimes, surprisingly disparate arenas. There are many types of strategic alliances, that can be brought together under four groups which are partnership between non competitors, coopetition; partnership between competitors, joint ventures to develop new business and supplier/buyer partnership. The subject of the case study is a public sector organisation so this essay will focus on partnerships between non competitors.

To quickly comprehend the benefits of Partnership, a business management strategy think of the 'mashups' popular in the private sector but long term partnership that can be seen as the ultimate in strategic alliances. Partnerships such as the Adidas X Guggi, Greggs X Primark that facilitate cost effective growth for both parties in usually over-saturated markets.

While examining the differences in Human Resources strategy between the private and public sectors, this essay will also focus on how these strategies support, facilitate and consolidate the effectiveness of its HR strategy. Using Resource Based Theory and referring to theorists this essay will discuss if and/or how the different HR strategies, in each sector, develop and incentivise their employees to achieve goals. Further, applying Agency Theory along with Jensen and Meckling Stephen Ross and Barry Mitnick theorists to examine how the practices, attitudes and strategy goals of an organisation impact on the efficacy of its HR strategy.

An examination of how and why the ECC has been experiencing difficulty filling vacancies within its Human Resources department. In addition, how the ECC (a public sector) and its Human Resources department differs from that of the private sector's human resources department. What potential improvements can be made to the Human Resources department in the future. As well as discussing the importance of relationships. We examine how human resources contribute to the creation of stronger bonds and a deeper understanding of employees' needs, as well as discussing how the structures practises in each sector either hinder or support an HR strategy that includes access to a talent pipeline via strategic Public-Private-Partnership We also examine how identifying these factors can strengthen any organisation.

Human Resources

Human Resources involves partnering individuals from different fields in order to facilitate a cohesive exchange of ideas and thoughts which may not have been possible without combining efforts.

As a result of many transformations within their sector, many organisations, both public and private, have undergone a number of changes in the past few years. Among them are episodes such as a global dynamic and the recognition that the business world and the professionals within it are undergoing dramatic change. **"We can work asynchronously as well as remote, and it really can work very well. This isn't a problem as much as it is an opportunity to rethink and offer an even improved employee value proposition."** –Richard Taylor, Senior Vice President, People Experience & Diversity at Nasdaq. In truth, employees have both personal and professional needs, and over time it became increasingly evident that the two were interrelated and evolving. It was imperative

that organisations undergo a transformation in order to retain competent and highly skilled employees on a long-term basis. Introducing a new era in human resources management.

There is no longer any benefit to creating a hierarchy that is based on uniformity, bureaucracy, and control. A more flexible and responsive model should be developed as a replacement for this model, which is based on four interconnected trends: increasing connectivity, unprecedented levels of automation, lower transaction costs, and changing demographics. In order to create long-term (sustainable) value, companies must evolve and begin executing with purpose. This can result in increased financial performance, greater employee engagement, and higher customer satisfaction.

ECC and human resource management.

Just like ECC, in recent years, governments have realised that PUBLIC-PRIVATE (P.P.P) are an innovative management strategy to cost effectively provide more and better services. However, problems are inherent in these arrangements when for example public sector bureaucracy clashes with private sector Laissez-faire, a lack of agency in the public sector demotivates the private sector partner. These structural obstacles to effect PPP needs to be contractual “ironed out” by the partners before the alliance . Successful Human Resources strategies aim to create and nurture lasting relationships, so professionals and organisations must cultivate open lines of communication in order to build trust, boost employee morale, nurture the creativity of its human resources which all supports achieving company’s/organisation’s goals. Unfortunately for the ECC, public sector strategies tend to create obstacles that prevents this type of open door policy. The public sector consists primarily of government-run bodies such as schools, city and town councils, its resources are utilised to achieve government objectives, it ensures that strict protocols and rules are set in place in order to achieve these goals. As a result of this structure, agency theory cannot be used within the ECC, as protocols prevent them from extending such commodities as trust to their employees. In addition to not utilizing their most valuable resource (their people), they do not develop their resources nor allow them to become the driving force of innovation and creativity that thrives in the private sector as the public sector resources cannot be allowed to become more than a worker-ant.

Bureaucracy has been a necessary component of public administration, their operations including their systems of communications, are organized and managed according to a hierarchical system.

Although private sectors must comply with laws, the only internal rules governing them are those created and enforced by their administrators. These rules can be modified and refined relatively quickly at any time. The ECC being a public sector, on the other hand, is governed strictly by statutory law put into place by a particular political authority. This statutory legal framework furthers ethical behaviour and promotes transparency but can severely restrict administrative activities.

5

How does hr in private sector differ from hr in the public sector.

1. **The Private Sector** In the private sector, organisations are considering that the public sector is managed by the government and its resources utilised to achieve government objectives, it ensures that strict protocols and rules are set in place in order to achieve these goals.

2. private sector organisations operate for profit without interference from the government. In contrast the public sector is government-run organisations such as schools and corporations.
3. In the private sector as they are managed by individuals, groups, or businesses, it provides them with greater freedom in regard to making decisions and formulating rules and incentivising their employees. Considering that the public sector is managed by the government, utilising a fair and unbiased process requires individuals who are non-discriminatory and fair minded, which can be difficult especially within the private administration where egalitarian principles are required to maintain fairness and impartiality.
4. There is a profit incentive for private firms to reduce costs and develop products that consumers are demanding, which may mean the basic wage is a flat pay rate but the bonuses and extra perks keep them incentivised (Richard branson who owns Virgin Ltd, has over 71,000 employees who all enjoy the perks, of free health care, discounted travel, tickets to events just to name a few) **Richard Branson states "Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients."** In contrast staff within the public sector have a basic wage and nothing in the way of bonuses to help them feel appreciated/valued.
5. Within the private sector opportunities for growth are vast, there are often more career choices and pay increases within the company, an employee has an opportunity through training and mentoring programmes, which are not always available in the public sector due(no profit motive) to funds being tied to the government, as a result government agencies are more likely to be overstaffed and inefficient compared to that of privately run organisations
6. There is a profit incentive for private firms to reduce costs and develop products that consumers are demanding. Whereas many organisations in public sector should supply goods and services that benefit the community. (but that is not always the case).
7. Job security in the public sector is infamous especially their pension schemes, compared to the private sector

Bureaucracy within Human Resources and how can HR develop employees to achieve strategy goals.

There are sometimes political considerations that make it more challenging to get rid of surplus workers in the public sector than in the private sector. Businesses who operate in the private sector do not have to worry about political popularity. As a result they are more inclined to cut costs by making people redundant if this assists the business, and helps with efficiency. Public sector companies, on the other hand, are more likely to employ surplus workers in unproductive positions.

Economies with free markets tend to under consume goods with positive externalities. While education and training are widely applied in the free market, the socially optimal level of consumption is generally underutilised because private firms ignore positive externalities, which do not cost anything and are simply a by-pass or positive consequence of industrial or commercial activities that affect other parties without their impacts being reflected in market prices (for example, the pollination of surrounding crops by bees kept for honey). In order for the ECC to grow and sustain its work force they should increase labour productivity, by providing good quality training programs and educating workers to a high standard. As well as implementing those frameworks/models that have been proven successful in the private sector and putting those frameworks in place in the public sector.

Those within the private sector believe those within the public sector to be inept unable to complete tasks to satisfaction and overall will fail at completing tasks to the standard that are expected within the private sector. As John Less (author of "How to get a job you'll love", and The interview expert) has stated "Many private sector employers start with *wrong assumptions about the public sector, believing that staff work short hours, seek an easy life and don't have to meet real targets. The important thing is to convince an employer that you have the right attitude to work and you enjoy what you do.*"

Organisational Structure

There are two very noticeable differences that factor around communication, when looking how both sectors are organised/structured to run, Private administration is primarily concerned with profit-making and financial health of a single company, perhaps limiting its vision, in contrast to the private sector the goal of public sector should be to protect and promote the welfare of all people within a specific governmental jurisdiction, in addition to improving justice and equality, it is important to strengthen engagement with democratic values. As public sectors are a political process and manages its resources as such to achieve the governments goals rather than that of the people, whereas the private sector can be dedicated to the management/ operation/ and organisation of each enterprise it is responsible for.

Agency theory, and its purpose within Human Resources

So what is agency theory ~ Businesses increasingly evaluate human relationships according to the standard of agency theory, according to which business relationships can be reduced to one main relationship: between a principal and an agent.

As defined by Jensen and Meckling (1976), agency relationships consist of agreements between one or more individuals (the principals) and another individual (the agents) who act on their behalf on a particular task. This illustrates the importance of relationships and trust within organisations. Delegating a task and trusting that it will be completed following the brief without interference from superiors has significant advantages. Since the ECC is a public company, trust in the employees is not a requirement, as a set of rules has been put in place to guide their behaviour. Therefore, it is disappointing but not surprising that ECC cannot apply Agency Theory, however, according to Falk (2006), a lack of agency theory within the public sector can adversely affect employee morale, resulting in an environment that is reduced in motivation, creativity, innovation, and greater anxiety and stress.

Table 1
Agency Theory Overview

Key idea	Principal-agent relationships should reflect efficient organization of information and risk-bearing costs
Unit of analysis	Contract between principal and agent
Human assumptions	Self-interest Bounded rationality Risk aversion
Organizational assumptions	Partial goal conflict among participants Efficiency as the effectiveness criterion Information asymmetry between principal and agent
Information assumption	Information as a purchasable commodity
Contracting problems	Agency (moral hazard and adverse selection) Risk sharing
Problem domain	Relationships in which the principal and agent have partly differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistle-blowing, vertical integration, transfer pricing)

(Eisenhardt, 2009)

13

"You cannot mandate productivity; you must provide the tools to let people become their best." — Steve Jobs.

How can Human Resources develop effective strategic goals within the ECC.**Resource based theory**

As stated by (Barney 191) The resource based theory emphasises the ability of a company and how it internal resource to develop maintain and sustain the companies competitive edge. This is done by realising that a companies main and most important resource is its employees. Who if motivated trained and inspired correctly by the organisation will intern be the companies greatest asset... in return the company gets a loyal employee that, will go above and beyond on behalf of its employer, from being a house ambassador advertising the company and the perks to friends, family and strangers alike, to bringing fourth their ideas and forward thinking, with perhaps new motivational ways to move the company forward keep it relevant and help it to maintain competitive advantage by allowing these new ideas to flow from within the company.

It is important to understand that employees are not simply a cost, a strain, or a means to an end, with the proper training, motivation, and encouragement, they are capable of working more effectively to achieve objectives.

Recruiting staff who are untrained in their specialty is not only a waste of resources, but also a waste of money. By ensuring that Ecc hires the right individual for the right job/task, they would increase efficiency substantially.

As a result of being placed in the wrong position, employees are more likely to make mistakes, feel inept, lack confidence regarding the tasks they have been given to govern, and not care about the company mission, which results in a lack of effort put into the job, which ultimately results in the employee leaving the company. As a result, the company now need to spend time finding a suitable replacement. As a result, you may have to go through the hiring process a second or even third time, as well as spend significant time retraining your new employees.

The Future and ECC

Possible avenues for human resources within the ECC for the future include the concept of P.P.P, public-private partnership, whereas the government and a private organisation enter a long-term arrangement. In most cases, private capital is used to finance government projects and services up front, and then revenues are derived from taxpayers and/or users over the course of the PPP agreement. Or a business collaboration, which refers to working together to achieve a common goal for the business. Many companies have evolved and expanded into a completely different market using these partnerships. In business collaboration, internal and external relationships are maximized to create new concepts, generate ideas, and resolve problems to achieve common business goals. That is why it is important for ECC to consider a collaboration or extended its policies for its staff, allowing them more freedom and trust can only benefit the company.

Conclusion

In both the public and private sectors, human resources are essential and effective. However, ECC HR strategies differ from private sector HR strategies due to their unique missions. In order to create a motivating workforce that aligns with broader organisational goals, there must be a strong

alignment between business objectives and human resource policies and practices. Based on resource-based theories, employee development is key to long-term profitability, whereas agency theories emphasize the importance of incentives aligned with corporate objectives. So a suggestion that the ECC adopts this theory and empower their workforce. Additionally, the climate influences human resources practices in the public sector. This requires specialized approaches based upon worker location and employment type, as well as budgetary constraints. In designing an effective human resource strategy for the ECC, all of these factors must be taken into consideration for a successful transition into the future.

15 References

- Barney, J.B. (1995). "Looking Inside for Competitive Advantage." *Academy of Management Executive* 9:49-61. (Accessed on 7 June 2023).
- 4 Eisenhardt, K.M. (2009a) *Agency Theory: An assessment and review*, Kelembagaan DAS. Available at: <https://kelembagaandas.wordpress.com/teori-agensi-principal-agent-theory/kathleen-m-eisenhardt/> (Accessed: 17 June 2023).
- 14 Gedaliahu, H.H. and Tzafrir, S. s (no date) *HRM PRACTICES IN THE PUBLIC AND PRIVATE SECTORS: DIFFERENCES AND SIMILARITIES*. Available at: <https://about.jstor.org/> (Accessed on 18 June 2023).
- 6 'Public- and private-sector entrepreneurship: Similarities and differences' (2022) *American Journal of Management*, 22(4). doi:10.33423/ajm.v22i4.5722. (Accessed on 11 June 2023).
- 3 Chanlat, J-F, 'Corporations, Organization, and Human Action: an anthropological critique of agency theory', in Clarke, T. O'Brien, J. and C, R. T. O'Kelley (eds), *The Oxford Handbook of the Corporation*, Oxford Handbooks (2019; online edn, Oxford Academic, 14 Mar. 2019), <https://doi.org/10.1093/oxfordhb/9780198737063.013.21>, (accessed 12 June 2023).
- 4 Eisenhardt, K.M. (2009) *AGENCY THEORY: An Assessment and Review*, Kelembagaan DAS. Available at: <https://kelembagaandas.wordpress.com/teori-agensi-principal-agent-theory/kathleen-m-eisenhardt/> (Accessed: 13 June 2023).
- Komm, A. et al. (2021) *The new possible: How HR can help build the organization of the future*, McKinsey & Company. Available at: <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-new-possible-how-hr-can-help-build-the-organization-of-the-future> (Accessed: 02 June 2023).
- 6 'Public- and private-sector entrepreneurship: Similarities and differences' (2022) *American Journal of Management*, 22(4). doi:10.33423/ajm.v22i4.5722. (Accessed on 02 June 2023).

¹¹
Stremitzer, A. (2005). *Agency Theory: Methodology, Analysis: A Structured Approach to Writing Contracts* (NED-New edition). Peter Lang AG. <http://www.jstor.org/stable/j.ctv9hj826> (Accessed on 11 June 2023).

⁸
Topic 1: Introduction to human resources management (no date) *The Borgen Project*. Available at: <https://borgenproject.org/topic-1-introduction-to-human-resources-management/> (Accessed: 13 June 2023).

⁹
Team, T.I. (2023) *What is the private sector? definition and business examples, Investopedia*. Available at: <https://www.investopedia.com/terms/p/private-sector.asp> (Accessed: 21 June 2023).

Human Resources

ORIGINALITY REPORT

18%

SIMILARITY INDEX

13%

INTERNET SOURCES

5%

PUBLICATIONS

15%

STUDENT PAPERS

PRIMARY SOURCES

1

www.totaljobs.com

Internet Source

2%

2

Submitted to Christ the Redeemer College

Student Paper

2%

3

academic.oup.com

Internet Source

2%

4

Submitted to De Montfort University

Student Paper

1%

5

Submitted to University of Wales, Lampeter

Student Paper

1%

6

Submitted to CECOS College London

Student Paper

1%

7

www.notesformba.com

Internet Source

1%

8

Submitted to Stadio Holdings

Student Paper

1%

9

Submitted to University of Essex

Student Paper

1%

10	www.scopus.com Internet Source	1 %
11	Submitted to University College London Student Paper	1 %
12	Submitted to Academy of Information Technology Student Paper	1 %
13	www.ndtv.com Internet Source	1 %
14	Submitted to University of Hull Student Paper	1 %
15	ris.utwente.nl Internet Source	1 %
16	Submitted to The Maldives National University Student Paper	1 %
17	www.instructables.com Internet Source	1 %
18	Submitted to University of Florida Student Paper	<1 %
19	Submitted to Kaplan International Colleges Student Paper	<1 %
20	Submitted to University of Wales, Bangor Student Paper	<1 %

21

www.citybiz.co

Internet Source

<1 %

22

www.coursehero.com

Internet Source

<1 %

23

researchspace.ukzn.ac.za

Internet Source

<1 %

Exclude quotes Off

Exclude matches Off

Exclude bibliography Off