

MBA- Master of Business Administration
Module

Human Resource Management

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TASK DESCRIPTION

Assessment component 1- 2500 words Essay 50% of overall mark

East Coast County (ECC) supports its public sector client base on a raft of HR and organisational development initiatives. Around five years ago it emerged that a lack of strategic HR partnering capability in the public sector was an issue that needed to be addressed. Employers in the region were struggling to fill senior HR roles due to a shortage of candidates with business partnering skills. Consequently, ECC decided it had to do something to help people step up into these important strategic HR positions. 'Because we hadn't got a strength for business partnering in our region, we found we were having a lot of vacancies at Head of HR level,' says ECC Chief Executive Jill Paterson. 'That was a concern we wanted to address by creating a talent pipeline.'

Based on the above, critically address the following

- How does HR in the private sector differ from HR in the public sector
- How does sector determine the effectiveness of HR strategy
- How can HR develop employees to achieve strategy goals
- What organisational climate factors affect the effectiveness of HR strategy

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Introduction

East Coast countries are public sector organizations that are facing gaps between the organizational structure and Human resource management. This creates staff shortages due to a lack of customer demands, a lack of interest from the employees, and a higher number of staff resignations or retirement. Also, we can see due to a lack of training and resources, ECC is facing a shortage in filling the Senior level staff which means they are unable to retain or unable to employ the more experienced staff at the junior level, as this Higher-level gap creates the difficulty for the implementation of top to bottom approach for strategic implementation.

Also, we can see that they are unable to implement any SHRM (Strategic Human Resource Management) approach, which is very basic to choosing the right employee for the business and the decision on how to keep the employees and train them in the long run.

We can see that they want to create a robust HR management to create Future talent, and how that future talent can be the right for the future company's economic and strategic goals in a best-fit environment.

To decide what is best for GCC HRM, first, we will critically analyse the current system they have by comparing it to the Private sector. It is important to first see the basic difference between these two sectors, which will then allow us to decide what policies or procedures we can implement in the organisation. Also, it will allow us to decide what Private sector HRM we can also implement or adapt in the public sector. For the organisation, to manage human resources management, the process needs to be in line with the organisation strategic objectives (Hellriegel, Jackson, Slocum and Staude, 2009).

We can see that in ECC, the organisational Climate structure lacks the development of Human resources, which is vital for any organisation to achieve its strategic goals. According to Titi (2013), how the employees view the culture of the organisation, and the way employees choose to implement the organizational climate in their way of working, defines the climate of an organisation. The organisation culture can be changed in a different way, which could be people or organisation goals oriented. The climate of an organisation is dependent on employees which can impact the overall organisation climate. (Titi, 2013 Corresponding author- Mohammed A. Alwaheeb). (2020) International Transaction Journal.

1. Difference between the Public and Private Sector HR

a. HRM in Public Sector

Organisations in the public sector utilise HRM techniques to promote equality, welfare management, career management, and, to a lesser extent, performance evaluation and pay and benefits. (John Wiley & Sons Ltd. (2022) The Authors. Human Resource Management Journal)

b. HRM In the Private sector

A "model employer" kind of HRM, like the welfare-focused public sector HRM, has evolved within private sector organisations because of a rise in social responsibility (Poole et al., 2006; Paauwe & Farndale, 2017).

c. Ownership of the Business

Public sector ownership remains in the hands of government or semi-government organizations, as they are publicly funded, and political authority dominates over economic authority. Some organizations are fully controlled like HMRC in the UK while some are public sector organizations or owned by private bodies with public tasks like the Netherlands where general hospitals are owned by private bodies, compared to NHS in the UK which is completely owned by the government.

According to the economic theory of property rights, common ownership reduces the effectiveness of the public sector (Boyne, 2002). whereas the ownership of shareholders in the private sector leads to efficiency, and the monetary outcome for the organization leads to better performance of the Managers and control system.

d. Models for HRM

Traditional distinctions in HRM between organizations in the public and private sectors resulted from fundamentally different approaches to managing both work and people. Public firms adopted the "soft" model, which focuses primarily on enhancing employee well-being, whereas private organisations traditionally adopted the "hard" model, which primarily aims to improve organisational performance. Values for Business

The major public values are accountability, lawfulness, and incorruptibility in contrast to the core values of the private sector, which are profitability, accountability, and reliability (see also Pollitt & Bouckaert, 2017; Van de Walle et al., 2016).

While in the public sector Values and ethics drive from the past (legacy). At the beginning of the 20th Century, they changed their governance model to growth and change in society but still lack continuity due to the dominant governance model.

e. Reward

Rewards in the private sector directly relate to the performance of the business while in the public sector goals are set up according to the nature of the service the public organization will provide. Which can be not motivational as they are not directly related to monetary value. In the private sector, an employee's benefits are at the discretion of the employer. Benefits tend to be less generous than those in the public sector.

In contrast to the private sector, the public sector does not evaluate employees based on performance. Unlike in the private sector, evaluations are not solely centred on economic performance criteria. In the private sector, compensation incentives are more materialistic. While there are differences between the two sectors' human resource management ideals, goals, procedures, and methods, there are also similarities. Both place an emphasis on performance as well as the requirement to offer possibilities for growth and training to draw in and keep talent.

f. Talent Management

Public sector TM refers to the application of key human resource (HR) practices that can facilitate staff, who possess both the required dexterities and the context's values, in fulfilling the sector's overall goal for the common good (Kravariti & Johnston, 2020).

According to Alferaih (2018), Talent management is the HR tool that focus on career movement for the employees by providing them the right training and support so they can perform well for the

organisation. Talent management in Private sector, more focus on Staff development so that the organisation can achieve its strategic goals. Talent management is the implementation of right policies and procedure for the employees to retain them in the long run for the organisation.

2. Effectiveness of HR strategy

As ECC is acting as an agent for the public sector organization, here we can refer to the agency theory in which ECC acts as an agent and the public organization as a principal.

Jensen and Meckling (1976) created the theory of agency relationships. They proposed a hypothesis explaining how conflicts of interest between a company's owners (shareholders), management, and significant debt financiers form the foundation of the company's governance. These groups all have various goals and interests.

Conflicts between Agents and Principals.

Conflicts exist between the agents and the principal due to the nature of the organisation and its strategic goals.

Let's discuss a few elements of the conflict with the agency theory and the nature of the organisation.

a. Understanding the business.

In a public sector organization understanding the business is vital, as the business objectives are defined by the organisation's board of directors who are influenced and intimidated by the government policies and objectives, which is very difficult for the agents to manage as the change in policies can be random or very slow. While in the Private sector, the business objectives are defined by the directors and approved by shareholders which is very easy to manage, and policies can be implemented by the agents as per organization requirements.

b. Distrust Between the Agent and Principal.

An agent is employed by a principal to carry out a task on their behalf. In the Private sector, the Directors (agents) have a fiduciary responsibility to the shareholders (principal) of their organization (usually described through company law as 'operating in the best interests of the shareholders'). But the trust level is always very low, as shareholders need maximum for their wealth which can be achieved by the agents by giving a portion of the share so they can mutually benefit. On the other hand, manager are also agents acting on behalf of public sector organisations, which means there is risk of conflict again. The taxpayer and electorate, often the same, are at the heart of this relationship, which is likely to focus on value of money. The assessment of whether an organisation is indeed providing the value for money has several problems.

c. Lack of Control.

In the private sector, agents have greater control in decision-making as they are close to the owner of the business -shareholders while in the public sector, control and strategies are defined by the government, which in essence lack or gives less control to the agents for long term objectives and agents lose the motivation due to influence of other controlling bodies.

d. Ownership of the business and business decisions.

In the private sector, ownership is in the hands of principal – shareholders, which approves and implement the company policies in line with the recommendations and approval by the board of directors who are acting as an agent of the company, so there is a direct relation between the agent and principal exist.

In the Public sector, the ownership of the business is either the taxpayers or electives, the business objectives are defined by the government in line with the public demand and necessity. The relationship between the agents and the owner lacks the relationship of mutual understanding which means the company's objective can differ from the agents' objectives. In short, according to agency theory, the board's main responsibility is to make sure that executive behaviour is in line with the interests of the shareholder-owners. If not, self-centred managers will exploit their greater knowledge to benefit themselves (Simon Caulkin, The Observer, November 27, 2005).

You cannot manage what you cannot measure and what gets measured gets done too (Ulrich, 2007).

The effectiveness of HR strategy is very much dependent upon the sector, as the sector defines its goals, how it can achieve the goals, and who is responsible to achieve these goals.

When it comes to HR strategies, private and public organisations place distinct priorities. Since serving residents and the larger society is a common goal of public sector organisations, statistics on citizen needs and taxpayer satisfaction may receive special attention. Contrarily, businesses in the private sector are frequently more concerned with increasing profits and shareholder value, which may lead to a concentration on information about financial performance like profit margin or return on investment.

3. HOW CAN HR DEVELOP EMPLOYEES TO ACHIEVE STRATEGY GOALS

It is "the pattern of planned human resource deployments and activities intended to enable an organisation to achieve its goals," according to Wright and McMahan (1992: 298).

According to Fombrun et al (1984: 37), the crucial managerial responsibility is to connect the formal structure and human resource systems with the organization's strategic goals. To accomplish the strategic goals, we can use the following table.

- a. Recruitment and Retention
- b. Talent management
- c. Reward
- d. Wellbeing



a. Recruitment and retention

ECC can develop the recruitment process for the client, as per their needs, and can guide the client on the career pathways for staff, including a review of the promotions process, and probation arrangements.

For the retention of the staff, ECC can develop and ask the client to implement the policies for the staff to train and retain them. For training the staff ECC can develop the learning platform after the discussion with the senior-level staff. EVV can develop a suite of HR policies and case management tools for effective people management for the client which can be reviewed on demand.

b. Talent management

ECC can review current procedures to ensure recruitment is fair and per the company's future and strategic goals.

For talent management, develop training for all those involved in recruitment to recruit the staff as per demand and train and equip them with future needs. ECC introduced new improved further particulars to support all recruitment campaigns. Develop new Recruitment Policy and revised recruitment guidelines.

c. Reward

ECC can develop and deliver sustainable reward strategies, but it depends upon other factors as public sector rewards are directly linked to government policies. Review the current Reward policies and align them with the company's strategic goals. ECC can recommend developing and delivering a robust benefits strategy. Communication of the reward policies with the staff to keep them on board during the process.

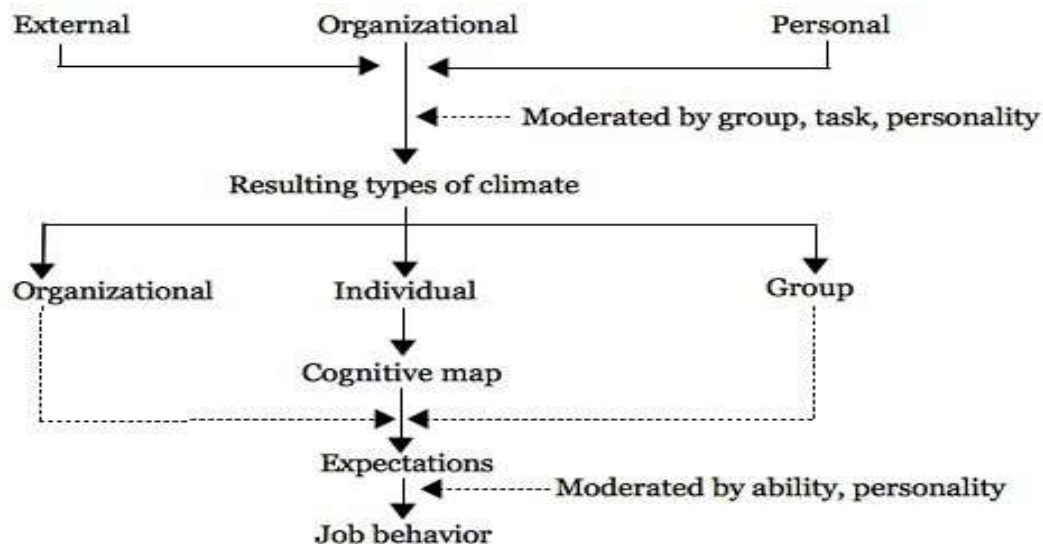
d. Health and well-being.

Since employee satisfaction and organisational support are intimately related, public-sector organisations tend to have very strict well-being regulations. ECC can create efforts to provide for a wider range of health and well-being. Mental health awareness, including the use of qualified local wellbeing advocates, juggling job demands, including the creation of informational websites, and raising awareness of wellbeing. enhancing current best practices and enabling local freedom to incorporate suggestions within current well-being provisions.

4. ORGANISATIONAL CLIMATE FACTORS EFFECTS ON THE EFFECTIVENESS OF HR STRATEGY

The organizational climate is determined by the values and assumptions shared by the people working within an organization. This climate affects the behaviour, motivation, and productivity of an employee. (Titi 2003)

Bureaucratic arrangements have been shown to be more frequently seen in public organisations as closed systems with an unsatisfactory atmosphere. An organisational climate model is shown in Figure 1, adapted from "Climate: A Reconceptualization and Proposed Model," (Human Relations 35, no. 3, 1982, 195, by R. H. George Field and Michael A. Abelson).



a. External influences

In our case study, we can see that the organisation is in the public sector which can be influenced by the demand for services it provides and the help it gets from the management to fulfill that gap.

b. Organizational influences

Organizational influences are mainly the relationship between managers and employees. In our case study, Top or senior-level management is missing which can lead to a lack of teamwork and motivation.

c. Personal influences

In a public sector organization, the main challenge is to bring change, and when an individual grows up in a public organisation and seems suspicious about the management especially, they want to bring change. It needs to be addressed very carefully to overcome the gap between the employees and the management.

Conclusion

From the above discussion, we can see that ECC needs to make quite a big effort to create the HR strategy for the organisation, they need to understand the structure of the organisation and develop a robust strategy. They need to implement new standards for recruitment staff retention to promotion and rewards. The biggest challenges it will face are the gap within the organisation for limited HR partnering. According to Erasmus et al. (2015), the employees' interactions with their workplace are the key to determining an employee's attitude, which in turn influences whether that employee plans to stay connected with the company.

The public sector may partner with external vendors or develop in-house expertise through training and development programs. (Johnson et al. 2022). While in the private sector, it depends upon the resources the organization has and decides whether they can be managed in-house or outsourced, due to limitation of the funds and focus on the saving cost per employee as small organizations tend to place limited in-house HR functions.

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