

Article Title: UK public sector reform and the 'performance agenda' in UK local government – HRM challenges and dilemmas

Author: Lynette Harris
Professor of HRM and Professional Practice
Department of Human Resource Management
Nottingham Business School,
The Nottingham Trent University
Burton Street
Nottingham, NG1 4BU.
United Kingdom
e-mail: lynette.harris@ntu.ac.uk

Tel.: 0044 1159486027 or 6165
Fax number: 00 441159486032

UK public sector reform and the 'performance agenda' in UK local government – HRM challenges and dilemmas.

Key words

Performance, best value review, measurement, HR practices and responsibilities

Paper Categorisation: Case studies

Abstract (166 words)

The public sector modernisation agenda has led to the introduction of regular external performance review processes such as best value review being used to assess standards across the range of local government services. Through a case study approach, this paper examines the impact of 'best value' review on HR service provision and processes at two county and two unitary councils and considers whether or not it has acted as a catalyst for the development of more integrative and innovative HR practices to support organisational performance. The research revealed a frequent lack of synergy between organisational goals, departmental plans and the performance objectives of individuals combined with an absence of shared understandings about human resourcing priorities or commitment to the processes needed to strategically integrate HR policies. It is argued that the findings suggests there is a pressing need for better understandings between all the parties involved in the employment relationship concerning the HR practices and processes needed to support the modernisation agenda in UK local government.

Introduction

A dominant theme in the HRM research agenda continues to be how human resource management (HRM) policies and practices contribute to improving organisational performance (Guest, 1997; Truss, 2001; Purcell et al. 2003). It is a focus that is supported by the pursuit of performance systems to promote 'high performance working' in both the private and public sector. Understanding the links between Human Resource (HR) policies and procedures, individual contribution and organisational performance is particularly relevant to employers in UK local government where the modernisation of public services has been supported by the compulsory external system of 'Best Value' review introduced by the Local Government Act 1999.

New Labour government initiatives, such as 'Best Value Review' (BVR) and 'Comprehensive Performance Assessment' (CPA), are processes of measurement and evaluation that require local authorities to achieve targeted standards of performance across the range of their services. Through a case study analysis of Best Value

Review of HR services at four large local authorities conducted during the period 2001 to 2003, this paper will reflect on

- the impact of this external performance regime on the development of HR practice,
- the extent to which it was supported by an integrated approach to performance management and
- encouraged a shared approach to HR issues between line management and the HR function.

For the purposes of this article, HRM is interpreted as referring to those activities concerned with managing the employment relationship. The reported findings are based largely on the responses of HR specialists, senior and operational management although the case studies did provide opportunities to explore the perspectives of employees and trade union representatives.

HR processes and organisational performance

Integrated, consistently applied, hierarchical performance processes continue to be identified as the key means of achieving the alignment of individual contribution with organisational priorities (Bevan and Thompson, 1992:5; Armstrong and Baron, 1998). The public sector policy and development literature (LGMB, 1994; Audit Commission, 2002a) reinforces the presence of an integrated approach to managing performance as a critical factor in the successful delivery of any service improvement plan. A range of systems have been applied in the public sector to reinforce the links between individual and organisational performance informed by principles of performance management tested in the private sector – for example, the use of organisational targets, devolved management, individual target setting, performance review and performance related pay (Boyne, 2002).

Although there are no general grounds (Radnor and McGuire, 2004), for suggesting that these systems are not equally applicable in the public sector, as Truss (2001) observes, our overall understanding of how such human resource management processes actually contribute to organisational performance continues to be limited. Boxall and Purcell, 2000 suggest that the tendency to take an overly simplistic view

of their link to organisational performance is aggravated by a failure to take account of how these are shaped by the prevailing organisational, industrial and national context. It is argued that this is the case in UK local government where approaches to performance are still heavily influenced by a traditional inclination towards a bureaucratic and regulatory approach to the employment relationship (Farnham and Giles, 1996) despite attempts to introduce market type mechanisms into the sector such as compulsory competitive tendering in local government or the internal market in the NHS.

This raises questions about the appropriateness and feasibility of importing private sector performance practices to support public sector modernisation. In the pluralist environment that continues to be the operational reality of much local government, a 'top down' approach to performance management could just be unrealistic. A sequence of corporate strategic goals leading to departmental plans reflected in individual targets may simply take insufficient account of the different flows and cross cutting relationships which occur in the complex structures and functions of large local authorities. Such approaches are also highly dependent on well communicated organisational improvement plans supported by the widespread application of integrative processes of feedback, training, development and reward (Strebler et al., 2001; 53). Yet surveys of local government employees report a high level of negative feedback about the extent to which they are informed about plans for the future and the application of HR practices to support high performance working (MORI, 2000; CIPD, 2002), particularly compared to their counterparts in private industry. A commonly identified problem according to Philpott (2004: 4) is that although the government's stated 'performance culture' emphasises capacity building, leadership and management, it is experienced as a 'measurement culture' of targets, inspections and auditing regimes.

The best value approach to performance improvement

Best Value Review was introduced in 2000 with the stated aim of encouraging a programme of continuous quality improvement through a five year audit cycle of every council service. In response to criticisms about the inspection burden imposed by BVRs, Comprehensive Performance Assessment (a whole council approach to inspection) was introduced in 2002 with promises to reduce the level of audit for well

performing councils. The first CPAs of the case study organisations took place after the Best Value reviews discussed in this article but many of the issues stemming from the Best Value approach to performance measurement apply to CPA. Both processes aim to inform future improvement plans as well as assess existing service provision and past performance. At an organisational level, they require local authorities to continuously seek out ways of working and develop HR practices that will increase their internal capabilities and enhance standards of service delivery (CIPD, 2002).

Best Value Review (BVR) possesses the characteristics of a classic linear approach to performance management in that it identifies standards, uses these to measure and evaluate performance and finally sets specific targets as organisational priorities in a subsequent improvement plan (Armstrong and Baron, 1998). The actual process of BVR has four main stages, known as 'the four C's'. These are to **challenge** why and how a service is being provided, **compare** its performance with others to see how the service could be better provided, **consult** with local taxpayers and service users about what they want from the service and **compete**, wherever practicable, fairly and openly to provide the best service. In theory, BVR has the potential to establish organisational priorities and develop supportive HR policies through processes of internal consultation involving the senior executive, the HR function, line management, employees and the recognised trade unions. The 'challenge' requirements of an HR review appear to provide a real opportunity to examine high performance work practices (HPWP) operating in other organisational settings and for the HR function to champion innovation (Murphy and Southey, 2003:74).

As a performance system, the principles of BVR support 'a model of HRM as a strongly integrated management approach' where the emphasis is placed on best practice and strategic synergy (Boxall and Purcell, 2003:3). Indeed, the desirability of integration is evident in the articulated intention of Best Value Inspectors to seek evidence of performance systems which allow individuals to understand their role in the achievement of the council's visions and priorities' (Mahony, 2003; 30). This reflects an assumption that HR policies can be developed and applied to encourage the 'line of sight' between the contribution of the individual and espoused organisational outcomes. Yet a criticism frequently levied at BVR is that it insufficiently recognises the multi-faceted organisational reality faced by local

government managers who have to try to satisfy the different (and sometimes conflicting) needs, of diverse stakeholders which Cook (2004; 52) suggests has contributed to a common perception that managing in the public sector can be 'a bed of nails'.

Such concerns highlight the importance of establishing integrative and well understood performance processes that encourage 'a whole system' approach to identifying organisational priorities, provide clarity about what needs to be done and what this means for individuals at different levels of the organisation (White, 2000). The Audit Commission (2002a: 27) acknowledges that performance measurement processes can lead to a proliferation of organisational targets which can be confusing and overwhelming for staff and a contributory factor to lowering employee morale. Recognising that the performance system itself may act as a barrier if it is overly mechanistic, unclear, does not adequately communicate its purpose or fails to involve staff, the Audit Commission proposes an integrative performance cycle 'as a practical tool for managing'. The suggested stages are setting out what needs to be achieved, making it meaningful at different levels of the organisation, identifying how it will be done, clarifying responsibilities and accountabilities, taking action and mentoring followed by analysis and review. This framework was used to semi structure the discussion groups and interviews conducted by the author in the case study organisations.

The reality is that, despite this stated emphasis on managing performance, BVR is essentially a measurement system which evaluates outcomes against benchmarks of best practice to identify the standard for future measurement. It is an approach that reflects the contradictions that can arise in most performance schemes which rely on measurement as the means of achieving better performance (Harris, 2001). It can mean, for example, an authority which has improved its performance from a rating of poor to average will get a better report in its next inspection than one whose performance has consistently been rated as average but may well have had less scope for improvement.

The case studies and methodology

The author was invited to act as ‘a critical friend’ to facilitate the different processes required by the challenge, compare and consult aspects of Best Value HR reviews. The role of ‘critical friend’ has developed with the BVR inspection process as local authorities have turned to independent third parties to assist them, particularly in the process of challenging and comparing existing services and to provide a critical perspective on the services provided. Critical friends, ideally, require a specialism in the service under review and need to be able to offer (where applicable) a broader perspective on its provision in different organisational contexts. In the case studies it offered the scope to not only examine the role of the specialist HR function, but also to consider how HR policies and practices were seen to be contributing to organisational performance. These issues were explored through the perspectives of the senior management team, middle and supervisory managers, specialist HR staff, individual employees and trade union representatives. The observed reviews were further informed by the author's ongoing involvement with two of the case study authorities after the BVRs had been completed.

Adopting an ‘exploratory’ case study approach (Yin, 1993) provided the flexibility to generate qualitative data from a range of sources which more structured methods would not have offered. It included observing ten focus groups held by the BV lead officer as consultative forums which proved to be a vital source of information, each one consisting of up to twelve employees as ‘service users’ from all levels of the organisation. These were supplemented by the author facilitating eight ‘challenge’ groups meetings of specialist HR and training staff and line managers and participating in the formal and informal review meetings between best value lead officers and HR staff responsible for the final report and its outcomes. In addition, thirty interviews were conducted across the local authorities with selected Heads of Service (or their Deputies) and, in two instances, with the Chief Executives. These were evenly split across the unitary and county councils but ten were conducted at the larger county and five at the smaller county council. Access was provided to internal documentation on HR policies and procedures, statistical data and recent employee attitude surveys. These multiple sources generated a wealth of material about HR policies and actual practice as well as insights into the perceived value of their outcomes from a range of different stakeholders in the employment relationship.

The role of critical friend provides an ideal research opportunity for 'participant observation'. The methodological disadvantage of becoming too closely identified with the aims and beliefs of the researched, traditionally associated with participant observation, is addressed to a considerable degree from the outset by the very nature of the role expected of a critical friend. It legitimises the 'freedom to be critical' allowing for a level of challenging questions that might be unacceptable in research roles which offer a lesser degree of involvement (Watson, 2000). The case study authorities were all based in the Midlands region of the UK. The characteristics of the two unitary authorities were very similar; both had workforces of around 13,500 employees and were facing the problems presented by a large urban and inner city population. The two county councils were less alike. One extended over a varied geographical area and provided services to a very diverse community with a work force at the time of the study of just under 35,000 employees. The other provided services to a generally more rural community over a smaller geographical area and had a work force of 14,000 employees. Despite any differences in size and the nature of their communities, the authorities' experience of the BVR processes were virtually identical and there was little difference in the reported HR issues and constraints. As a result, it is not intended to draw comparisons between the four authorities in the discussion but rather to identify the common themes and shared experiences of BVR on HR processes and practice. The final BV reports proved to be generally positive about all four authorities' HR services with the exception of the provision for organisational development but the aim of this article is not to examine the review ratings but the impact of the BVR performance regime on HR practice and accountabilities.

The development of HR practice

The challenge element of the four C's criteria is intended to encourage the adoption of external practices where these could bring service improvements through a process of comparing service provision against benchmarks of best practice. Paradoxically, it reinforced 'playing it safe' and even, in some instances, fostered complacency about existing HR practice because benchmarking was limited to comparisons within local government and, for the actual review, to authorities of a similar size and services. Thus counties were compared to similar counties and unitaries to other unitary authorities. Bell and Hawksworth (1999: 8) describe this approach of comparing like

with like as 'the bench marking club mantra' which can identify relative differences but has little potential to challenge or deliver the performance improvement interventions suggested in the private sector literature (Bendell et al., 1994).

Although much of the data used to inform the initial HR national benchmark standards was provided by authorities across the UK, their value was viewed with a degree of scepticism by staff at all four councils because of doubts about the accuracy of the information on which they were based. HR staff acknowledged the inadequacy of certain data they had provided where either their own recording processes were differently formulated or it was dependent on line managers' records, for example the number and cost of training days per employee or absence levels. Furthermore, questionnaires sent to employees on which some of the information was based were reported as confusing or their subsequent significance had not been realised or overlooked due to the timescales for submitting responses.

Whilst challenging existing practice in the widest sense was accepted by staff as 'the right thing to do' in the longer term, it was regarded as neither essential nor practicable in the review time scale. Ensuring the consistent application of tried and tested procedures was regarded as a more effective approach for inspection purposes than challenging the way HR services were provided through wider comparisons with other sectors. To give a simple illustration, whilst a standard performance measure for recruitment was the time taken to replace staff, the sector's usual practice of one interview stage but with several interviewers was never challenged for its efficacy as a 'two way' selection process. Benchmarking with the private sector would have identified its greater use of two or three stages in selection processes (Williams, 1991; IDS, 1997).

To a degree, it appeared to be considered a little risky to stray beyond known boundaries in terms of achieving a positive review outcome from a BVR inspectorate whose own perceptions were likely to be informed largely by careers spent in local government and had concepts of 'HR good practice' based on identified 'best practice' in the sector. A position borne out by subsequent feedback from inspectors who regarded the existence of standardised procedures an indicator of a good service and were less comfortable with initiatives which recognised that one approach might not

fit all circumstances. For example, externally advertising all posts (unless a post was at risk) was widely viewed by managers as ‘wasting resources’ and a policy described by one manager ‘as playing games with good internal candidates’ yet this was a review measure of ‘best practice’. It can mean BVR becomes little more than a ‘tick box’ process of benchmarking performance against sector based standards of best practice which may actually constrain the development of strategically integrated and more innovative HR practices.

In addition, it reinforces an emphasis on prescriptive procedures which provide a visible documentation trail (Nutley, 2000); the HR function's role being to monitoring adherence to these within the organisation. Paradoxically it is an approach that supports the very characteristics for which the specialist HR function was most frequently criticised by line management and employees at the consultative forums. These were the familiar themes of the function’s inflexibility, excessive paperwork and preoccupation with rules and procedures rather than individual circumstances. Yet operational managers placed a heavy reliance on such procedures to assist them in their decision making on issues of employee rewards, promotion, development and under performance whilst also criticising them. One experienced departmental personnel manager described this apparent contradiction as follows

Our managers find handling poor performance one of the most difficult things they deal with so they blame the constraints of the process but whenever we suggest they exercise their discretion, they say that what they really want is more and clearer rules.’

The existence of formal processes, such as joint consultative committees, was taken as evidence of effective communication even though the focus groups consistently revealed that employees felt insufficiently informed about new developments or involved in potentially important corporate initiatives. Such measurements did little to encourage fresh thinking about the involvement of employees in the pursuit of service improvements.

A dominant measure of the effectiveness of HR services in BV reviews proved to be the existence of procedures to defend organisational decision making. This was well illustrated by one very positive report on a Council’s HR recruitment and selection

processes which were assessed in terms *'of the necessary record keeping being in place should the Council need to defend itself at an employment tribunal'*. An emphasis that lends support to a compliance and penalty avoidance approach to employment relations (Dickens, 2000) rather than one based on maximising employee commitment to the organisation. The tension for the specialist function is that measuring its contribution in this way promotes the organisational policing role negatively associated with traditional personnel departments (Tyson and Fell, 1986) but does little to encourage a more proactive and strategic input.

An integrated approach to performance management

In all four organisations, central processes existed to support an authority wide approach to performance review. These were designated as individual personal development planning or review rather than 'appraisal', a term deemed to be less acceptable to the trade unions and the employees they represented as it implied a 'managerialist intervention that would undermine public values' (Redman, 2001:73). Intended to support personal development, these systems of review were frequently regarded as insufficiently aligned to wider organisational objectives to be able to support the improvement plans stemming from Best Value reviews. Furthermore the processes were not universally applied, particularly by large departments such as Social Services who operated their own performance review systems shaped by their professional practice. The result was a fragmented approach across all four authorities and reported inconsistencies in the experiences of employees. For example, whilst administrative staff in one Corporate Services Directorate reported receiving regular annual reviews with clear target setting, similarly graded staff in the same Authority's Education Department complained of no review of their performance since joining the organisation.

This fragmentation was reinforced by the absence of HR strategic plans developed in an integrated way with the councils' strategic plans. Furthermore, the processes for translating organisational goals into something manageable and identifiable so that managers could plan and communicate key objectives to staff were reported as unclear and unevenly applied. In certain corporate areas, these processes were observed to be working well. In others, the absence of visible links between Council priorities and the work of individuals was identified with an anticipated reduction in

communication and awareness at the lower levels of the organisation. Nearly two thirds of the one hundred and twenty employees who attended the focus groups reported being unable to clearly articulate how their own objectives related to Council's goals despite clarity about what is required at the level of the individual being a basic prerequisite for improved organisational effectiveness (Strebler et al., 2001). The inability to do so was attributed to a variety of factors, the most frequently mentioned being

- a lack of knowledge of the organisation's identified goals and the pressure of the immediate operational environment leading to a focus on what was known,
- too many targets or that these were not prioritised in a way that meant they could be linked to personal targets,
- the extent to which line managers communicated information about wider corporate developments and direction,
- an environment where, politically, priorities could change rapidly,
- that no individual performance review had taken place.

What was less expected was that half the consulted managers felt that the 'line of sight' between their own personal goals and those of the organisation was far from visible. It added to managerial uncertainty about how a link between individual contribution and organisational goals could be achieved through the personal review process and a particular concern was how this could be done meaningfully for front line staff undertaking routine work. As one Social Services Director observed *'I have 25 current priorities for my own Department stemming directly from the Council's plans, but when it comes to linking this to the work of our home helps it really becomes very difficult to do. What we want is that they work well. I know we don't formally sit down with each one and appraise their performance at present. We intend to do this but it will take up a great deal of time as they work different rotas and cover a large area, I do wonder what it will achieve other than a lot of disruption.'*

More pressing HR priorities for line managers were the attraction and retention of front line staff in low pay jobs which could be demanding compared to work in other

sectors offering similar rates of pay. Motivating these staff to share the organisation's goals was seen to be far more related to the prevailing levels of pay and other benefits than their understanding of corporate priorities. Senior managers identified particular problems stemming from their inability to financially reward individual contribution which many felt was no longer appropriate to a more performance driven environment. Promotion was the principle means of obtaining recognition for staff which created its own difficulties as this Housing Director acknowledged '*I have reorganised and given a couple of individuals 'acting up allowances' which have been ongoing for several years, frankly just as a means of recognising their worth*'.

Focus group participants and interviewees identified that BVRs had reinforced departmentalism, creating an increasing '*silo mentality*' within the councils. This was the explanation provided for a reported reluctance to engage in a wider corporate agenda which might not ultimately benefit the service where most people felt their allegiance lay - a situation described in the following terms by one long serving member of staff in a Social Service Department '*my loyalties are very much to the department - maybe I ought to be more involved in issues outside my service area but I see myself as working for Social Services not the Council.*'

Although the factors leading to this departmentalism were recognised, it was viewed, particularly by HR staff, to be detrimental to creating a sense of corporate belonging among employees and a factor in the trade union representatives' concern at the erosion of the 'one employee experience'. The lack of a corporate approach to learning and development contributed to this perception and this issue attracted the most negative comments among HR staff, employees and in the subsequent HR Service Best Value reports. Part of the explanation for a reactive and piecemeal approach to staff development was the absence of senior learning and development professionals to lead and co-ordinate corporate organisational development.

Whilst knowledge based professional training was routinely addressed by line managers and funded departmentally, there was no integrated process or sufficient central budgetary provision for meeting corporate development needs such as management development. Authority wide initiatives when they occurred were piecemeal and took place in isolation from any in depth identification of individual

need. The result was a 'sheep dip' approach to training and development with staff being sent on a 'one size fits all' training programme rather than examining just what was required (Lynton and Pareek, 2000). An approach that was routinely criticised by all parties but one that was adhered to in the absence of anything else but it encouraged better funded service departments such as Social Services or Education to implement their own staff development strategies; some of these provided excellent examples of development initiatives but heightened employee perceptions of different treatment. Where employee coaching and mentoring activities took place it was in an 'ad hoc' manner and these were not activities recognised by many managers as part of their responsibilities. The immediacy of service demands took precedence over any perceived responsibilities they had 'as developers of people' (Gibb, 2003: 286).

A shared approach to HR issues

Reflecting a general trend in the UK workplace (Cully et al., 1999), there had been a significant devolution of HR responsibilities to line management at all four councils. An organising principle of placing responsibilities for HRM with the managers directly responsible for the employment relationship was given by senior management as the main rationale for increasing line management involvement in HRM. In contrast, line managers and specialist HR staff saw it as an initiative initially driven by budgetary considerations and compulsory competitive tendering (White and Hutchinson, 1996). A perspective that appeared to be supported by the decentralisation of the corporate HR function leading to individual departments having a dedicated personnel specialist(s) in a largely support role.

Whilst the initial argument had been that devolution to line managers would reduce the HR function's work load freeing it up to make a more strategic contribution, in practice this had not taken place as envisaged. Increasing legislation and the potential for litigation, frequently combined with reduced resources meant HR staff were hard pressed to accommodate the routine personnel work required by line managers preoccupied with front line service priorities. A set of circumstances that reinforced a role for the specialist function of concentrating on ensuring that adequate formal procedures were in place to support a consistency of approach from managers and to provide the means of defending their decision making. The sustainability of the current approach to providing HR services was increasingly questioned by over-

stretched central functions expected to undertake major projects with inadequate resources (Harris, 2002). HR staff also expressed concern about operational management's capacity and commitment to devote sufficient time to HR issues. They reported a tendency for managers to adopt a minimalist approach to employee relations which ultimately created more problems, whereas, from the perspective of many line managers, the nature of much personnel work was overly time consuming and even a source of frustration.

In principle, an HR Service review does offer the opportunity to develop a collaboration between line managers and the HR function to identify the human resourcing activities and development needs required to support a Council's improvement plan. It can be the catalyst for an examination of the form any reallocation of HR activities to line managers should and does take (McGovern et al, 1998) and for agreeing the respective HR accountabilities of line management and the specialist function. Indeed, the review processes revealed differences in interpretation of each other's respective HR responsibilities identified in other studies of line management and HR staff relationships (Renwick, 2003; Cunningham and Hyman, 1999). Yet, apart from raising a number of critical questions, it did not lead to any in depth evaluation of each other's accountabilities in terms of the identification and realisation of HR strategies or how they could most effectively work together (Whittaker and Marchington, 2003). The organisational reality was rather that line managers, faced with the demands of their own Best Value service reviews and measured on achieving their service targets, identified a lack of capacity to devote sufficient time to their increasing personnel activities and limited capability in an area that was not their personal expertise. A dilemma summed up by the Chief Officer of a Property and Development Department as

' My performance and that of my staff is ultimately be judged on how well we deliver the service, I could spend all day if I did everything asked of me by our Personnel Department but I just don't have the time and, to be honest, that is not where my expertise lies.'

For the HR function this presented a dilemma - its perceived effectiveness was highly dependent on the quality of line manager inputs, many of whom felt the prime

responsibility for HR activities still lay with personnel specialists as ‘the architect and interpreter of the rules’ (Thornhill and Saunders, 1998; Harris et al., 2002) despite the organisational adoption of a highly devolved approach. This was accompanied by an observed reluctance among senior HR staff to open up a debate about the nature of their organisational contribution and what the different parties wanted this to be. As well as a recognition of the ambiguity long recognised as inherent in its role (Tyson and Fell, 1986), this may also be partly explained by the HR function vulnerable organisational future in the light of a growing interest in outsourced models of HR service delivery (Paton, 2002). There was a view among the HR staff, supported by the focus groups outcomes, that the role it thought the organisation wanted them to undertake and meeting the expectations of different employee groups could not be resolved by discussion. It was summed up by one HR Director as *‘We know we will never please everyone, we just try to meet the dominant need and ensure our policies take proper account of minority interests as well.’* Whilst articulating the desire for to play a more strategic role, it was acknowledged that this was probably not how their contribution was evaluated as one departmental personnel manager observed *‘I realise that my Chief Officer is likely to judge our effectiveness by how quickly he has a replacement secretary not how we contribute to strategic plans’.*

Devolving responsibility to the line led a number of HR specialists their role as one of providing a service to management. An interpretation of their responsibilities that sat rather uneasily with the ‘independent’ third party contribution which employees and the trade union representatives still sought from the specialist function which was illustrated at one Council where a new absence policy had been implemented. Although implementing the policy was the responsibility of line management, the trade unions sought to have an HR representative present at all return to work interviews for consistency of treatment and line managers preferred their presence (albeit in a supportive role) whilst HR staff saw this as an unnecessary use of their limited resources.

Discussion and conclusions

There is the usual problem of a wider generalisation of findings provided by case studies restricted to four large councils. Notwithstanding this acknowledged limitation, the shared concerns, tensions and dilemmas revealed across the four

organisations do provide valuable insights into how the Best Value approach to public sector service modernisation has shaped the development of HR processes and practices in UK local government. As suggested, the high performance working model promoted, in theory, by Best Value has the potential to encourage valuable internal reflection on the contribution these make to organisational performance, how they could be better integrated with identified service priorities improvement and the respective accountabilities of different parties in the employment relationship. In practice, the findings suggest that the Best Value regime illustrates the central problem of most performance management systems - how to accommodate the potentially conflicting objectives of development and evaluation in one process (Strebler et al. 2001; Harris, 2001).

Lovell and Rowe (2001) argue that there are two missing C's in the BVR process of 'connecting' and 'contextualisation' and this was evident in the observed HR service reviews. Benchmarking against best practice standards within similar organisations in the same sector not only fails to encourage the consideration of innovative HR practice from other sectors but also to contextualise it to the particular needs of the organisation or to provide the necessary connections across services and to wider corporate objectives. The 'best practice' approach adopted by BVR appeared to frequently act as a constraint rather than a spur to more innovative thinking about what constitutes good HR practice relevant to the organisational context. The adherence to one set of standards limited the openness to new ideas and networking behaviours that Frost and Egri (1991) identify as prerequisites to adopting innovative practice. A broader approach is required that uses a combination of wider external bench marking and in depth internal evaluation (Marchington and Wilkinson, 2002) and is capable of providing the scope for the HR specialist to act as the professional expert and champion of HR practices designed to fit identified organisational needs. Yet the devolvement and decentralisation of HR responsibilities appeared to have resulted in central HR functions with a weakened sense of themselves as a group of professionals which Swan and Newell (1994) suggest is a key causal factor in seeking out innovative practices.

The case study evidence is that the BV regime encourages an adherence to what is strictly measurable. Not only does this create a bureaucratic paper chain which diverts

vital resources from work that is more productive (Deeks, 2001) but it is likely to have a particularly detrimental effect on those HR practices which may be better evaluated in terms of the quality of the experience for those 'at the receiving end'. The danger is that it reinforces the rigidity associated with performance systems where a focus on measured targets neglects the quality of the means (Stiles et al., 1997) which is vital in high quality employment relationships and is, arguably, of particular significance to the nature of the psychological contract in much public sector employment (Harris and McGrady, 1999).

The case study authorities revealed little evidence of integrated, consistently applied performance management processes designed to promote synergy and visibility between organisational goals, departmental plans and individual objectives that were also capable of supporting human resource development strategies to improve organisational effectiveness. The lack of such integrative processes was exacerbated by an external measurement regime which reinforced a departmental service ethic but did not encourage the personal identification of individual employees with broader organisational objectives; a lack of involvement already observed to be generally lower in the public than in the private sector (Guest and Conway, 2002).

Best Value Review as a measurement process offers a seemingly quick way of obtaining results in service delivery but this study's findings suggest it can work against line management and the specialist function jointly sharing the responsibility for putting in place HR practices to develop the organisational capability needed to achieve longer term corporate goals. Anticipating their own reviews, line managers' professional allegiances are to the service areas where their own contribution is measured at the cost of their wider HR responsibilities which, for many, were not viewed as an activity integral to their professional roles.

To increase line management ownership of the HR agenda requires an ongoing dialogue between all levels of management and the specialist function about the form the allocation of HR responsibilities should take to achieve council improvement plans but this will be constrained where a review could lead to the HR function or, more probably, certain of its activities being outsourced. If the function's perceived vulnerability means it is anxious not to draw attention to its role, it helps to explain

why a number of HR staff saw their role as increasingly one of providing a service to line managers rather than to all employees. It is a situation that is at odds with a growing recognition that approaches to people management are crucial in enthusing both line managers and employees through greater autonomy, discretion and opportunity (Philpott, 2004) to move forward public sector reform. Yet HR functions, identifying themselves to be insufficiently resourced to deliver more than the regulatory role they feel they are ultimately measured on, are unlikely to have the capacity to play a more strategic role or to undertake the third party role of arbiter and mediator that employees value (Harris, 2003).

The emphasis placed by managers on the improvement targets for their own service areas rather than on less easily measurable HR activities will increase unless organisational internal performance management processes are in place to integrate these with organisational objectives in a meaningful way. It is an argument for the more type of approach found, for example, in the 'balanced score card concept' of Kaplan and Norton (1992) which suggests the use of multiple criteria of performance, for example the automatic inclusion of responsibilities for human resource management. The present performance regime based on measuring individual services does little to encourage broader organisational growth, particularly as the array of plans emerging from reviews leads to competing priorities for resources. In the devolved approach to human resourcing responsibilities operating in all four Councils, there was what can be best described as an organisational 'black hole' in terms of designated individuals in influential roles to lead integrated human resource development strategies aimed at supporting sustained performance improvement.

These are confusing times for HR policy makers in the public sector with continuing tensions between immediate demands to maximise resources and reduce costs and longer term aims of building organisational capability and enhancing employee commitment to the organisation (OPM, 2003). Better shared understandings of what HR practices are required to support organisational plans and the nature of the respective contributions from the specialist function and from line management are central issues identified by this study. In its current form, the best value performance regime was not found to be encouraging these important discussions and could even

be detracting attention from an integrated corporate approach to a number of critical HR issues.

References

- Armstrong, M. and Baron, A. (1998) *Performance Management, the new realities*, London: Institute of Personnel and Development, London
- Audit Commission (2002a) 'Performance *breakthrough*', Management paper: Audit Commission, London.
- Audit Commission (2002b) *Recruitment and retention: public service workforce for the twenty first century*, Public Sector National report, Audit Commission, London.
- Bell, A. and Hawksworth, S. (1999) *Benchmarking for performance measurement, monitoring and control in the UK local government sector*, conference paper presented at the Human Resources for Development : People and Performance International Conference, University of Manchester, 27-30 June.
- Bendell, T., Boulter, L. and Kelly, J. (1994) *Implementing Quality in the Public Sector*, Financial Times/Pitman, London.
- Bevan, S. and Thompson, M. (1992), 'An overview of policy and practice' in *Performance Management in the UK*, The Institute of Personnel and Development, London.
- Boyne, G. (2002), 'Public and Private Management: What's the difference?' *Journal of Management Studies*, Vol. 39 No.1 pp. 97- 122.
- Boxall, P. and Purcell, J. (2000) 'Strategic Human Resource Management: where have we come from and where should we be going?' *International Journal of Human Resource Management*, 36, (4), 183 -203.
- Boxall, P. and Purcell, J. (2003) *Strategy and Human Resource Management*, Palgrave Macmillan, Basingstoke.
- Chartered Institute of Personnel and Development (2002) *People Management and development in the public services*, CIPD, London.
- Cook, S. (2004) 'Public attraction', *Management Today*, January 2004, pp. 52 - 55
- Cully, M., Woodland, S., O'Reilly, A. and Dix, G. (1999) *Britain at work as depicted by the 1998 Workplace Employee Relations Survey*, Routledge, London
- Cunningham, I. and Hyman J. (1999)' Devolving human resource responsibilities to the line. Beginning or the end or a new beginning for personnel?' *Personnel Review*, Vol. 28. No. 1, pp. 9-27.
- Deeks, E. (2001), '*Local Authority HR Chiefs divided on the merits of Best value inspections*', *People Management*, News Focus, April 5.
- Dickens, L. (2000) Still Wasting Resources? Equality Employment in S. Bach and K. Sisson (eds) '*Personnel Management - A Comprehensive Guide to Theory and Practice*', 3rd Edition, Blackwell, Oxford, pp. 137- 169.
- Farnham, D. and Giles, L. (1996) 'People Management and Employment Relations' in D.Farnham and S.Horton (Eds.) *Managing the New Public Services*, Macmillan Press Ltd, Basingstoke.
- Frost, P. and Egri, C. (1991) 'The political process of innovation', *Research in Organisational Behaviour*, Vol. 13, pp.229- 295
- Gibb, S. (2000) 'Evaluating HRM effectiveness: the stereotype connection', *Employee Relations*, Vol. 22 No.1, pp.58-75

Gibb, S. (2003) 'Line management involvement in learning and development; small beer or big deal?', *Employee Relations*, Vol. 25 No. 3, pp.281- 293.

Guest, D. and Conway, N. (2002), *Public and Private Sector Perspectives on the Psychological Contract -Results of the 2001 Survey*, Research Report, Chartered

Guest, D. (1997) 'Human resource management and performance: a review and research agenda', *International Journal of Human Resource Management*, Vol. 8 No. 3, pp. 263 -275.

Institute of Personnel and Development, London.

Harris, L. (2001) 'Rewarding Employee Performance, - line managers values, beliefs and perspectives', *International Journal of Human Resource Management*, 12, (7), 1182 -1192.

Harris, L. (2002) 'The future for the HR function in local Government- everything has changed but has anything changed?' *Journal of Strategic Change*, Vol. 11, No. 7, pp.368 - 378.

Harris, L (2003), 'Achieving the balance in approaches to human resourcing between the 'employee rights' agenda and care for the individual', *Business and Professional Ethics Journal*, Vol. 21, No 2 pp. pp. 45 – 60

Harris, L., Doughty, D. and Kirk. S. (2002) 'The Devolution of HR responsibilities- perspectives from the UK public sector organisations', *Journal of European Industrial Training*, Vol. 26, No. 5, pp. 218-229.

Harris. L. and McGrady, A. (1999) 'Local Government reorganisation - rules, responsibilities and renegotiating relationships', *Journal of Strategic Change*, Vol. 8, No 5, pp. 287- 297.

Incomes Data Services (1997) *Recruitment Practice*, No. 634, September.

Kaplan, R.S. and Norton, D.P. (1992), 'The balanced score card –measures that drive performance' *Harvard Business Review*, Jan - Feb, 71-79.

Legge, K. (1995) *Human Resource Management- Rhetorics and Realities*, Macmillan, London.

Lynton, R. and Pareek, U. (2000), *Training for Organisational Transformation; Part 1 for Policy Makers and Change Makers*, Sage, London

Local Government Management Board (1994) *Performance Management and Performance Related Pay*, Local Government Practice: LGMB.

Lovell, A.T.A. and Rowe, M., *The Missing C's; Connecting and Contextualising Best Value*, conference paper presented at ELASM's International Conference on Accounting, Auditing and Management in Public Sector Reforms, University College Dublin, 5-7 September 2002.

Marchington, M. and Wilkinson, A. (2002) *People Management and Development*, Chartered Institute of Personnel and Development, London.

Mahoney, C. (2003) 'Public Sector Reform: On Good Authority', *People Management*, Vol. 9, No. 5, pp. 28 - 31.

McGovern, P., Hope-Hailey, V., Stiles, P., (1998) 'Human Resource Management on the line?' *Human Resource Management Journal*, Vol. 7, No. 4,13-29.

MORI, (2000), *Sharing a vision*, MORI.

Murphy, G. and Southey, G. (2003) 'High performance work practices – perceived determinants of adoption and the role of the HR practitioner' *Personnel Review*, Vol. 32, No.1, pp.73-92.

Nutley, S. (2000) 'Beyond systems: HRM audits in the public sector', *Human Resource Management Journal*, Vol. 10, No. 2, pp. 21 - 33.

- OPM, (2003) Capacity building in local government – research on capacity building needs’, Final Interim Report to the Office of the Deputy Prime Minister, www.opm.co.uk
- Paton, N, (2002) ‘Big Change Agenda will put HR in the driving seat’, *Personnel Today- Public Sector HR*, Summer 2002, pp. 4-10.
- Philpott, J. (2004) ‘*Perspectives Public Services*’ Chartered Institute of Personnel and Development, London.
- Purcell, J., Kinnie, N., Hutchinson, S., Rayton, B. and Swart., J (2003) *Unlocking the Black Box: understanding the HR performance link*, Chartered Institute of Personnel and Development, London.
- Radnor, Z. and McGuire, M. (2004) ‘Performance Management in the Public Sector: fact or fiction?’ *International Journal of Productivity and Performance Management* , Vol.53, No. 3, pp.245-260.
- Redman, T. (2001) 'Performance Appraisal' in T. Redman and A. Wilkinson (eds.), *Contemporary Human Resource Management*, Financial Times /Prentice Hall, London, pp. 57-97.
- Renwick, D. (2003) ‘Line manager involvement in HRM : an inside view’, *Employee Relations*, Vol. 25, No. 3, pp. 262-280.
- Stiles, P., Gratton, L., Truss, C., Hope-Hailey, V., MCGovern, P., (1997) Performance management and the psychological contract, *Human Resource Management Journal*, Vol. 7, No 1, pp 57 –66.
- Strebler, M. , Robinson, D. and Bevan, S. (2001) *Performance Review: balancing objectives and content*, Report 370, Institute of Employment Studies, London.
- Swan, J. and Newell, S. (1994), ‘Managers’ beliefs about the factors affecting the adoption of technological innovation: a study using cognitive maps, *Journal of Managerial Psychology*, Vol. 9, No. 2, pp. 3-11
- Truss, C. (2001) Complexities and Controversies in linking HRM with organizational outcomes, *Journal of Management Studies*, Vol. 38, No. 8, pp. 1121 -1149.
- Tyson, S. and Fell, A. (1986) *Evaluating the Personnel Function*, Hutchinson, London.
- Watson, T. J. (2000) Management and interactive social science: *Critical Participative Research, Science and Public Policy*, Vol. 27 , No. 3, pp. 203 -210.
- White, G. and Hutchinson, B. (1996) ‘Local Government.’ In D. Farnham and S. Horton (Eds.) *Managing People in the Public Services*, Macmillan Press Ltd, Basingstoke.
- White, L. (2000) 'Changing the whole system in the public sector'. *Journal of Organisational Change*, Vol. 13, No. 2, pp. 162-177.
- Whittaker, S and Marchington, M.,(2003) ‘Devolving HR responsibility to the line. Threat, opportunity or partnership?’ *Employee Relations*, Vol. 25, No 3, pp.245 -261
- Williams, R.S., (1991) ‘Management Selection in Local Government: a Survey of Practice in England and Wales’, *Human Resource Management Journal*, 3(2) 63-67.
- Yin, R.K. (1993) *Applications of Case Study Research*, Applied Social Research Methods Series, Vol. 34, Sage Publications, Thousand Oaks.

