Chapter 3.   HRM in the Public Sector: Is It Enough?
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INTRODUCTION

Two decades of administrative reforms have seen governments around the world initiating changes ranging from the bold in some nations to the rhetorical in others. New human resource management (HRM) practices have perhaps not received the same public attention devoted to contracted service delivery or performance-based budgeting, but the drive to make government more business-like has had significant impacts on public-sector employment. Batal (1997) suggests that increased attention to HRM in government can be attributed to the large numbers of public sector employees in many nations, their resulting impact on government budgets, and the essential role that employees must play in improving organizational efficiency and customer service. Though these same arguments may be made for many private sector enterprises, lower entry and departure rates for employees in the public service place increased importance on effective HRM and the ongoing internal renewal and upgrading of competencies and capabilities.

Although government organizations in many nations have adopted some elements of HRM "best practice" in an attempt to improve competence-based performance, this adoption has been less than complete (Morris and Farrell, 2007). Based on a study of ten public organizations in the UK, these authors also argue that those reforms that have been implemented often result in significant adverse outcomes, such as longer working hours, reduced job satisfaction and added complexity. Perhaps more important from a strategic perspective, a focus on borrowing technical improvements from industry may—perhaps unintentionally—shift attention away from the need for a fundamental rethinking of how public employees are viewed (Risher 2003). In spite of the efforts of former US Comptroller General David Walker and others who have promoted a human capital approach to HRM, few government employers treat employees as a strategic asset.

Although each country pursuing new public management (NPM) reforms has followed its own path drawing on its unique culture and history, several common HRM trends have

emerged. Increasingly, governments have subjected internal capabilities to competition with private sector alternatives, in many cases forcing public organizations to take on business-oriented or market-driven perspectives. In some cases, line organizations and managers have been given greater flexibility and freedom through various decentralization and devolution policies, and in return, political leaders have tried to secure accountability and highlight their own commitment to improving public services by stressing performance against agreed service goals or defined indicators. With this accountability, however, have often come reductions in the job security that was a key attraction for many civil servants in the past.

The prospect of less secure employment comes, however, at a time in which public organizations face growing difficulty in attracting new employees. Governments in many societies have traditionally provided public sector compensation below that of private enterprises, but Shim (2001) suggests that recognition of the need to attract capable employees has led some organizations to also acknowledge the need to become model employers. In addition to the traditional public sector values of neutrality, justice, equity, representation, responsibility and integrity, employees are now expected to embody professionalism, teamwork, innovation and quality (Kernaghan 1997). Because these new values are similar to those sought by employers in business enterprises, government leaders in progressive societies must compete more actively for the best and brightest workers. Fortunately, public organizations do have some unique appeal to individuals interested in specific causes or issues, a factor that contributes to both motivation and stability (Batal 1997; Gouvernement du Canada 2000).

The discipline of government human resource management (HRM) is too broad to be covered in a single chapter. Our objective here is to describe and discuss changes in HRM practice as they have emerged in public organizations undertaking new management reforms. In the first section, we present a conceptual framework that will allow us to point out key elements of change in the public sector. The following sections will review specific changes that have appeared in four major fields of HRM: recruitment and selection, training and development, performance management, and compensation.

THE CONCEPTUAL FRAMEWORK OF PUBLIC HRM
Career-based, position-based and department-based management systems
Although public employment or civil-service systems may be characterized in several different ways, an OECD (2004) report on strategic HRM in the public sector identifies three general approaches used by central governments in member countries: career-based, position-based, and department-based. In Figure 1, individualization refers to the degree to which management rules and practices vary according to the situation of specific departments or individuals and less according to the idea of a unified service. Delegation levels are measured by the locus of

decision-making power, from central HRM bodies to line departments and lower administrative levels. Within each of the systems identified, HRM practices vary.

In *career-based systems*, civil servants are usually hired at the beginning of their professional career and may be expected to remain in the public service for their entire working life. Initial entry is based primarily on academic credentials and/or a civil service entry examination. Promotion is based on a system of grades or ranks attached to the individual rather than to a specific position. Mid-level entry possibilities are usually limited. There is a strong emphasis on career development. Collective values are promoted at entry into specific sub-groups of the civil service (e.g., the notion of "corps" in France), with relatively weaker cross-hierarchical and cross-corps values. The emphasis is often less on individual performance and accountability than on group cohesion and cooperation.

Position-based systems focus on selecting the best-suited candidate for each position, whether by external recruitment or internal promotion or mobility. These systems allow more open access, with lateral entry relatively common. Position-based services tend to have weaker cross-government values at entry than career-based systems but may create stronger links across levels of hierarchy and status.

The OECD report identifies a third approach, *department-based systems*, to characterize hybrids with relatively high levels of delegation and a relatively low level of individualization. These systems give responsibilities for HRM policies and practices to the line ministries, with civil servants usually making a career in a single ministry.

A few countries have attempted to apply new public management reforms in making system-level changes, perhaps moving from one category to another; but overall, the three forms of civil service systems remain relatively intact. In making changes, most nations may be expected to take into account the inherent strengths and weaknesses of their respective civil service. Because department-based systems may be considered a relatively new category, it is still difficult to fully identify their inherent benefits and failings: these systems will require more study in the future. According to the OECD 2004 report, the underlying issue is how to provide the flexibility necessary to improve responsiveness to changing needs and focus on local or sectoral demands while at the same time maintaining a sense of collectivity and coherence. As will be discussed later, the degree to which political leaders and senior managers are willing to provide such flexibility varies by nation.

The question of decentralization has significant consequences for the capacity to implement reforms; having a coherent, collective and centralized HRM system allows us to think broadly about HR challenges and implement global reforms, while a more flexible system might help create the incentive for reform and better adapt to local and sector-specific needs. The OECD report concludes that a more complete analysis and understanding of issues at stake will require governments to look closer at two specific issues: the evolution of industrial

relations and the evaluation of the structure of public service. How many staff should be employed under what types of contracts, and what types of accountability structures will work most effectively, given the unique challenges in government organizations?

Figure 1: Delegation and individualization approaches to HR practices in central governments of OECD countries
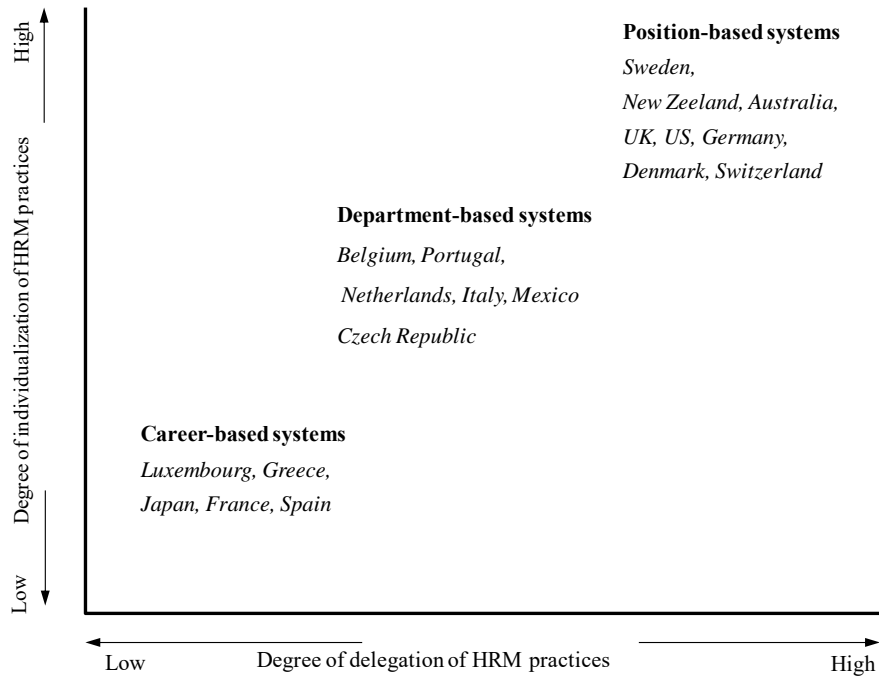
Source: Adapted from OECD (2004)

Three models of public administration, as basis of a new HRM reform model
The World Public Sector Report (WPSR) (UN/DESA 2005) offers governments a number of HRM reform ideas and suggests guidelines for realizing continuous innovation and recovery of trust in the public sector (Kim and Hong 2006; UN/DESA 2005). As part of the process of evolutionary reform, many governments are currently looking for a new synthesis of traditional and modern principles and techniques of public administration and management. The WPSR 2005 advocates striking a balance between three broad models/schools in public administration (PA): traditional PA, (new) public management, and the emerging model of responsive governance. The last of these refers to an emphasis on greater openness and the creation of partnerships with civil society and the private sector. Each of these models has particular strengths and highlights core values that are relevant in addressing contemporary HRM challenges in the public sector. Traditional PA relies on the values of obedience, merit and impartiality. In contrast, NPM approaches favor efficiency, responsiveness to the citizen as customer, and professionalism. The governance perspective also values responsiveness but claims to empower the citizen through enhancing participation.

The HRM framework advocated in the report proposes a public service that is impartial, professional and responsive, drawing where appropriate on the skills and resources of the private sector. It argues that countries should first establish an effective institutional framework for human resource management as an underlying infrastructure to achieve high performance in the public sector. A strategic HRM system should then build on this base using the fundamental values of impartiality, professionalism and responsiveness. Of course, HRM professionals in the public sector, as well as the private, have long advocated the need for input in the strategic decision processes of their respective organizations, but these calls have now taken on the language of NPM. In addition to calls for the upgrading of their own influence in these discussions, public HR managers increasingly point to the need for merit-based appointment; competence-based development; competence-based appraisal and performance management; equity vis-à-vis the private sector; the embrace of a total pay approach; and, in the retention field, rightsizing and effective labor management. Some of these values have been advocated in PA for many years, yet they remain consistent with the tenets of NPM. For more details on the WPSR model of public HRM, see UN/DESA (2005) or Kim and Hong (2006).

The notion of a new HRM model has been subject to criticism, however. Champions of the NPM movement point to a new administrative paradigm, whereas skeptics argue that it represents little more than incremental evolution from established traditions in HRM (Page 2005). In contrast, Thompson (2006) argues that the creation of separate strategic agency-specific human resource systems represents a real threat to the institution of a unified civil service, the viability of which is contingent on its inherently collective nature. Kim and Hong

(2006) argue—on similar grounds as with NPM generally—that the WPSR 2005 model lacks both a practical and a theoretical basis. These authors propose a contingent HRM reform model, taking into account indigenous factors such as political governance styles (presidential or parliamentary systems); socio-institutional maturity (institutionalization versus actual power or nepotism, or compliance with democratic processes across society); regional or cultural blocs; economic development stages; and other situational considerations. These authors warn that governments need to start HRM reforms on the basis of their current needs, developing and adjusting them gradually to meet the requirements of the day rather than adopting a blueprint model drawn from a notion of international best practice, often associated with NPM. According to David (2000), though the trend of convergence may be accelerating in government policy networks, we may actually see new public HRM moving toward divergence, because cultures and path-dependant policies that have been historically developed become embedded in people's values and behaviors. Even the generally accepted values in public HRM theory will be challenged if they conflict with the sociocultural norms of a given country. Lavelle (2006) also argues that effective public sector HRM practice is situational: adoption of particular management practices and HRM tools hinges on an understanding of local culture and organizational forms. HR practices not grounded in local mores cannot be expected to work effectively.

CHANGES IN RECRUITMENT AND SELECTION PROCESSES

We turn now to changes that have taken place in both recruitment and selection practices. Because permanence and job security are still more common in the public sector than in the private sector (Lemire and Gagnon 2004), attracting and selecting capable public employees is all the more important. The adoption of merit-oriented, career-based civil service systems is generally accepted as a key factor in explaining public sector performance in both developed and less developed countries (Rauch and Evans 2000). The WPSR (2005) defines merit as "the appointment of the best-suited person for any given job." Yet, governments worldwide are increasingly unable to find qualified staff (Soni 2004).

Recruitment
Recruitment is the process by which an employer seeks qualified applicants for vacant positions. Public sector recruitment in many nations has had a notorious reputation for being slow, unresponsive, bureaucratic and passive. Perhaps recognizing the need to attract more qualified applicants, some public organizations are trying to make their entry procedures more user-friendly and transparent by introducing procedural, process and technological changes intended to enhance their attractiveness to applicants (Lavigna and Hays 2004).

Many public organizations have introduced more flexibility in their recruitment efforts. Some countries have eliminated arbitrary rules, adopted more appealing hiring procedures, created flexible job descriptions (Center for the Study of Social Policy 2002), and instituted worker-friendly personnel policies (Reichenberg 2002). Public agencies increasingly use internal and external recruitment methods that have long been exploited in the private sector. Several of these techniques are discussed below.

Employee referrals are generally recognized as a highly effective internal recruitment method, in which current workers are asked to recommend qualified candidates. In some cases, referral bonuses are paid to employees who help recruit successful candidates for high-demand or high-skill positions. Due to long-standing concerns about propriety and the desired neutrality of the civil service, public organizations have only recently involved their employees in the search for new talent.

Systematic internal and external job posting increases the quality of recruitment practices by enlarging the pool of candidates, but it may also enhance retention rates and employee motivation. From the manager's perspective, electronic posting helps to identify and track qualified candidates for different positions simultaneously. Many large public organizations now use computer bulletin boards, toll-free automated telephone systems, and electronic mail to publicize their job vacancies.

Lavigna (2002) and Lavigna and Hays (2004) describe aggressive outreach efforts and more active media advertising on the part of public organizations along with the growing use of full-time government recruiters who directly and regularly communicate with multiple organizations that are potential sources of job candidates. Some public employers pursue aggressive outreach strategies at job fairs, college campuses and in local communities; use aggressive media advertising in print and electronic formats; and distribute marketing and recruitment materials that promote public sector careers.

Increased use of information technology has also attracted much attention among recruiters in the public sector (Marchack 2002). Resume databases serve as national and international repositories of information on individuals with professional credentials that can be used to pre-screen thousands of applications simultaneously. Automated systems are now used to match resumes with skill sets for particular jobs (Selden and Jacobson 2003). Applicant tracking systems ensure that no candidate falls through the cracks or misinterprets a lack of communication as a sign that the employer is no longer interested. Public organizations are casting a wider net for job applicants and then cultivating them more systematically as they move through the selection process.

Public organizations have also increased their use of temporary workers and interns. This practice presents at least three major advantages: first, it allows the organization to evaluate the competencies and potential of the short-term employee before offering permanent

positions to the best of them; second, the recruits are operational from their first day; and third, retention rates increase because the workers have experienced the organization before accepting the job (Doverspike, Taylor, Shultz and McKay 2000). For example, at one US social service agency, paid interns are placed in the most challenging jobs for two or three years before receiving an offer for a permanent position. However, the use of temporary or agency workers may also result in management problems and reduced quality of some public services (Hoque and Kirkpatrick 2008).

More effort has also been devoted to recruitment of minorities. Public employers eager to provide effective service to growing numbers of minority customers may find that members of a demographic group are best able to relate to the specific needs of others from the same subpopulation. As the number of minority individuals increases within the populations of many developed nations, ignoring potential minority candidates becomes increasingly untenable. Organizations may also be recognizing that diverse viewpoints could lead to innovative approaches to accomplishing the organizational mission. Box 1 illustrates minority recruitment efforts by two public sector organizations in Canada.

The Montreal Police Department publishes their recruiting advertisements in community journals such as the "Magasin Égyptien" (Egyptian Journal), the "Journal Arménien" (Armenian Journal) and the "Laz Voz" (Latino-American journal). They also broadcast them on a community radio station ("Radio Centre-Ville"). Moreover, the department uses promotional posters and leaflets to attract youth in targeted minority communities that feature photos and interviews with minority employees. Finally, they regularly organize conferences and meetings with cultural associations and community groups and they also participate in radio and TV programs whose audiences are primarily composed of ethnic minorities. **Postes Canada** recently started using the services of the company "Equitek" which has established an on-line recruiting system allowing potential employers to post job advertisements to targeted minorities through Equitek's network of minority organizations.
Source : Waxin and Panaccio, 2004.

Box 1 Minority recruitment efforts in public sector organizations, in Canada.

Selection

Selection is the process by which an organization chooses from a list of applicants those individuals whom it believes best meet the selection criteria and who will be able to succeed in the available position. Here again, some public organizations have dramatically modernized their practices in the last decade. To some degree, these changes have been forced by the increasing difficulty of finding qualified employees.

An important advance has been rapid applicant screening, supplanting long and often complex procedures that previously discouraged many qualified candidates. Some jurisdictions now require applicants to submit nothing more than a resume; qualified candidates are then promptly interviewed by telephone (Lavigna 2002). Another trend is to automatically certify applicants as eligible for appointment if they meet certain conditions, such as holding a professional license or credential (Lavigna 2002). Some employers even permit immediate hiring of applicants whose college grades are sufficiently high.

Public employers have also modified their selection criteria. Many organizations find that candidates are simply over-qualified educationally, which contributes to credentialism. A recent trend is to de-emphasize experience and education as job requirements. Criteria that artificially limit the applicant pool, hinder efforts to diversify the workforce, and unnecessarily exclude candidates who might be excellent performers are eliminated (Sullivan 2002). Instead, the selection process is refocused on job-related criteria. The key standard for a minimum qualification is that a factor is actually essential to job performance and does not arbitrarily deny persons who might be able to do the job a chance to compete. Currently the trend is to remove requirements that cannot be validated and then add flexibility by allowing for substitution of education for experience (and vice versa) up to a certain point (Nigro, Nigro and Kellough 2007).

Competency frameworks have allowed public sector organizations to move away from narrow and unique job specifications toward the use of broader, more behavioral attributes (Page, Hood and Lodge 2005). For example, the Irish Civil Service Competence Framework defines competence as "the necessary behaviors and attributes as well as knowledge and skills required to do our jobs well and in a way in which we realize our potential and provide the highest quality service to our customers" (CMOD 2003). Selection on the basis of competencies in Belgium allowed the Flemish and federal administrations to look more attractive as an employer on the labor market by breaking through the highly formalized and rigid career system (Brans and Hondeghem, 2005). However, Page, Hood and Lodge (2005) argue that nations often specify different competencies for similar positions, attributing this to attempts to imitate the local private sector or simply an effort to repackage existing agendas through hiring practices.

Public organizations have also modified the way they conduct tests and interviews. The WPSR 2005 sums up the intent as follows: "Merit is not self evident, and justice must be seen to be done" (2005, 82). Administrative organizations often select candidates using a university-style competitive examination (sometimes called assembled exams), such as in Pakistan and the Republic of Korea, or by scrutinizing educational qualifications, experience and references (unassembled exams), such as in Singapore. Information comes from the application and other

documentation required in the application process. However, one meta-analysis found very weak statistical relationships between qualifications and job performance (WPSR 2005, 82). On the other hand, sophisticated selection tests commonly used in the West are not available in most developing countries and transition economies, would be too expensive to develop, and would likely not be justified for the bulk of public appointments (WPSR 2005). In developed countries, the pressure to devise valid and non-discriminatory tests has led to the growing adoption of performance-based tests and assessment center exams. Performance tests ask the applicant to accomplish essential tasks related to job responsibilities. As computer technologies and software become more sophisticated, more complex mixes of knowledge, skills and abilities will be evaluated using these instruments. Such tests have high face validity and are generally perceived as fair and objective, although concerns about ethnic or racial biases remain. A major limitation is cost because expensive equipment must often be purchased and maintained (Nigro, Nigro and Kellough 2007).

Assessment centers, frequently using several selection methods (different types of tests, interviews, group exercises, work samples and simulations as appropriate), remain a gold standard in the public sector and are used in several countries that have borrowed from the UK model (WPSR 2005, 83). Their major advantages are transparency and high acceptance of results by the applicants. According to a study by Brewster, Mayrhofer and Marley (2004), average predictive validity of assessment centers is about 0.6, with 1.0 representing complete validity. The major disadvantage is their high cost. However, research shows that the validity of panel interviews can match that of an assessment center, provided that sessions are structured, based on job analysis, conducted by trained interviewers, and culminate in an appointment that reflects panel members' independent scores (WPSR 2005).

Acquiring the right people is increasingly recognized as a condition for public sector effectiveness, as is the need to compete with private employers for capable staff. Although recruitment and selection practices in many public organizations have undergone significant changes that reflect best practice in industry, these shifts are neither drastic nor complete. Many small agencies simply lack the resources and expertise to take advantage of new technologies and approaches. Nor are government and industry requirements identical: rushing to adopt private-sector approaches without recognizing fundamental differences can be a high risk strategy. A challenge for governments is to select the reforms most suitable to their own settings and adapt them to local needs, particularly in hiring individuals who will meet citizen service expectations (Lavigna and Hays 2004). Whether leaders will support the more fundamental rethinking necessary to change the nature and perception of public service is an open question (General Accounting Office 2001).

CHANGES IN TRAINING AND DEVELOPMENT PRACTICES

In recent years, training and development (T&D) have been viewed as crucial management tools in responding to the increased need for skills requisite to a knowledge economy and to the need for ongoing organizational change and adaptation. T&D is also important for public organizations in improving performance and in motivating and retaining staff. In some highly individualized position-based systems, training is increasingly used as a way to provide a common culture and an opportunity to meet and discuss professional issues across the civil service (OECD 2004). In the following paragraphs, we offer some comparative information on training practices in OECD countries, explore the major difficulties encountered by public sector employers in the training process, and consider the concept of competency-based development.

Training
Training is the systematic process of altering the behavior of employees in a direction that will achieve organization goals. It has a current orientation related to present job skills with the purpose of helping employees master specific abilities needed to be successful in their existing positions. Development prepares individuals for the future and focuses on learning and personal growth.

The OECD (2004) report allows us to provide a broad picture of training practices. In thirteen developed countries, civil servants spend between 5 and 10 days in training per year; in four countries they spend between 11 and 15 days in training per year; and in seven countries, they spend less than 5 days in training per year. Training policy is defined at the level of central HRM bodies in twenty OECD countries, and its implementation is left to line departments or even lower management levels in all but eight countries. A number of nations with position-based systems tend to use private-sector companies or universities for training, while most countries still insist on the use of a specific training institute for civil servants. Some countries, such as the US and Sweden, have set up special institutions to recruit and develop their managers and leaders (Shim 2001).

Consistent with private-sector practice, training and development has become a shared responsibility in some public service systems. Employees are increasingly responsible for self development and successfully completing and applying authorized training. In addition, they share with their agencies the responsibility to identify T&D needed to improve individual and organizational performance (Clardy 2008). That said, it appears that life-long training has yet to become a reality in most OECD countries. A few nations, including Germany, Iceland, Japan,

Mexico, Sweden and the U.S., claim to have developed coherent life-long learning strategies. In the most advanced cases, ongoing education has been integrated with the staff performance management system, as in Australia. Sweden and the U.K. have made the establishment of business plans contingent on reflections about needed competencies and skills, another practice consistent with a strategic approach to HRM.

Public organizations encounter difficulties in the training process principally related to training needs assessments, training transfer and training effectiveness evaluation. Training needs assessment (TNA) is the first step in the development of a training program, in that it helps determine whether training is necessary. A needs assessment usually involves organizational analysis, person analysis and task analysis. A TNA determines first where the organization is and where it should be in the foreseeable future. Next, a determination is made to consider the appropriate mix of technical, clerical and managerial skills necessary to achieve the desired ends. Research indicates that state agencies conduct substantially less formal assessment of employee training needs than the private sector (Patton and Pratt 2002). Bjornberg (2002) identified an example of needs assessment best practices at Broward County in the US state of Florida, where training needs are continually assessed through annual department meetings and plan reviews, feedback from training partners, feedback from customers, summary data from countywide development planning efforts, and performance analysis.

Training transfer refers to whether the trainee or learner can actually perform the new skills or use the new knowledge on the job. According to Bjornberg's (2002) benchmarking survey, learning transfer occurs best through action planning or learning, peer coaching circles, job aids and regular email communication between managers and the training staff.

Finally, the evaluation of training effectiveness should be an integral part of the overall learning program. Evaluative review is essential to deciding whether training should be continued in its current form, modified or eliminated all together. Training outcomes to be evaluated can be classified into four broad categories: affective (employees' satisfaction with trainer, training's content and utility); cognitive (actual participant learning); skill-based (behavior change); and results (organizational benefits, such as less absenteeism, more productivity and return on investment). However, according to Bjornberg (2002), results-level training evaluation is seldom implemented in the public sector.

Competence-based development
Competency-based models have become an important component of learning organizations and are necessary to provide high quality public services that support today's knowledge-based economy. By promoting a consistent approach across all HRM activities, the competency framework ensures that HRM will contribute to achieving the government's objectives (vertical

integration) and that the HRM whole is greater than the sum of the individual activities (horizontal integration) (WPSR 2005). Indeed, for the competency approach to be successful, identified core competencies should both inform and be integrated into the different HRM practices: recruitment and selection of future employees, managers and leaders; performance appraisal; promotion; training and development processes; compensation; rightsizing activities; succession planning; and career management. Many governments (e.g., in the UK, Ireland, Malaysia, Belgium, the Netherlands, Germany, and the US) already use competency approaches in diverse HRM practices. The formation of senior executive services in the US, UK and some other nations may be considered in part as an effort to identify and promote high-level managerial competencies and spread them throughout the public service (OECD 2004; Shim 2001).

The use of competency frameworks in managerial development has been criticized, however, because this approach does not capture the diversity and qualitative nature of managers' tasks and roles in public organizations. The list of competencies required to be a good public manager might seem to be endless. However, the use of competency frameworks presents strong advantages in that they help organizations communicate their intentions and needs, enhance collaboration as all employees come to understand their part in the big picture, and give the managers a common language in which to discuss training and development. Moreover, since they are systematic, these frameworks offer a degree of sophistication and legitimacy to practices such as succession planning and career management. They also give T&D experts guidelines for prioritizing competencies for development purposes. Additionally, a competency-based development program assimilates learning activities into the daily business processes, leading to more efficient results than a traditional training approach by ensuring that all training programs are integrated. For example, Naquin and Holton (2003) have redesigned the management development program and processes of the Louisiana State government in the US. Through a lengthy sequence, the authors conceptualized, developed and implemented an integrated system of supervisory and managerial training, seeking to transform learning experiences into performance-based outcomes. The resulting system uses a competency or skill-based model.[1]

Nevertheless, the bureaucratic structure of many public organizations continues to be an impediment to training effectiveness. Critics cite as examples rigid classification systems, rewards not tied to skill acquisition, poor development of subordinates, an overemphasis on technical rather than managerial qualifications for advancement, and pension systems that

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[1] These authors describe the steps of the process (competency model development, training needs assessment, curriculum development, course design and delivery) they followed so that other organizations seeking to update their management development programs might be able to learn from the Louisiana experience.

discourage the movement of uniformed personnel into civilian management positions (Heisel 1980). However, many of these problems can be dealt with if the organization's leadership is willing to fund training programs based on a careful analysis of organizational goals and integrate training practices with other elements of HRM practice (e.g., performance management, rewards management and promotions) (Nigro, Nigro and Kellough 2007). Unfortunately, training is still viewed by some political leaders as an expense that can be deferred in times of fiscal shortfall. As Mentz (1997) stresses, training and development needs to be approached as a sustained process within an overall capacity building program. However, in many countries—especially those considered to be developing or less developed—T&D programs are still organized to deliver inputs according to relatively short timescales (12–24 months), where program budgets have to be spent and certain quantifiable indicators of success must be produced within the lifetime of a program. These efforts and their outcomes are all too often considered in isolation from other preceding and parallel activities (Healy 2001).

FROM PERFORMANCE MEASURING TO PERFORMANCE STEERING

New public management approaches have directed increased attention to performance measurement, accountability and the use of data to direct organizational efforts (Osborne and Gaebler 1992). On an individual level, performance appraisal (PA) is the process through which an organization gathers information on how well an employee is doing his or her job. Performance management (PM) is an integrated process used to ensure that employee activities and outputs are congruent with the organization's goals, enabling evaluation to improve the effectiveness of employees and the organization. In a PM system, employee performance provides the basis for training and development decisions, compensation, career progression, budget authority, autonomy, and so on. Performance steering occurs when performance data is used to strategically manage the entire organization.

Historically, the appraisal systems used by public organizations have been technically crude and relatively ineffective as performance management tools, where performance appraisal was merely an annual review exercise traditionally carried out by a single rater, with each supervisor completing appraisals for his or her immediate subordinates. Operating independently, the performance appraisal system was rarely linked to the mission and strategy of the organization or to other HRM and management practices designed to maximize human efforts and intellectual capital.

In contrast, the NPM movement has promoted a results-based organizational culture in the public sector. Performance measurement and management is expected to play a central role in this process, helping officials and analysts assess achievements against key targets and

creating results-based accountability mechanisms (Ospina, Cunill and Zaltsman 2004). At the organizational level, more emphasis has been placed on missions and objectives than in the past. At the individual level, performance has become a very important aspect of HR management. The process of performance management is usually an annual cycle, in which the line manager identifies key performance indicators (objectives, standards and competencies) for the year with his or her employee(s). At the end of the period the manager assesses, discusses and recognizes or rewards the employee's performance. Throughout the year, the supervisor should provide feedback, guidance and support. We will review some of the most common changes and challenges related to PA/PM in public organizations below, particularly focusing on the changes related to new performance management approaches, performance standards, evaluators and performance rating methods in public organizations. Finally, we will discuss the degree to which public organizations have actually accomplished the transition from PA to PM.

New performance approaches
A search of the literature on developments in PM in public organizations highlights three relatively new perspectives. These might be called the Results, TQM and Competency approaches. The *Results* approach draws on principles of Management-by-Objectives (MBO) used in the private sector and involves having the employee meet with his or her immediate supervisor prior to the time period for which performance is to be assessed. The purpose of this meeting is to review organizational goals, consider the employee's expected contribution, and set individual performance goals for the coming period. These goals should be aligned with the strategic objectives of the organization. Although the agreed goals are often moderately more demanding than under traditional approaches, employee participation in their development should result in higher levels of commitment and motivation leading to increased performance (Roberts 2003). However, cascading performance objectives is also considered to be an inhibitor of the exercise of individual judgment that reinforces existing hierarchies (Thompson 2006).

The second approach draws on the concepts of *Total Quality Management* (TQM). Clardy (1998) suggests that appraisal systems incorporate TQM principles by including systems factors and considering individual performance in a team or work unit context. Two fundamental characteristics of this quality approach are a customer orientation (defining quality in customer terms) and a prevention approach to errors (Roberts 2003). The TQM approach to performance management suggests that the major focus should be on providing feedback in areas over which employees have control. It is a cooperative form of working that relies on the talents and capabilities of both labor and management to continually improve quality and productivity together. Appraisal forms reflecting TQM principles promote a flexible approach,

focus on effective efforts and solicit citizen input to identify and deal effectively with local problems (Cederblom and Pemerl 2002).

A *Competency* approach emphasizes core capabilities. Grote (2000) cites this perspective, focusing on critically important behaviors, together with the skills and attributes needed by all employees of the organization, as one of the most significant recent developments of performance management in public sector organizations. He suggests that competencies can be identified fairly easily in an agency and can be highlighted, communicated and reinforced via the organization's performance management system. For example, the Malaysian public sector model, which placed emphasis both on respect for citizens as customers and on continuous knowledge acquisition, introduced a competency-based merit component to reinforce these characteristics in contrast to a more narrow performance-based system (Lavelle 2006).

Cerderblom and Pemerl (2002) report how the integration of TQM and competency principles, the linking of individual performance to organization goals, and the integration of appraisals with other management and HRM processes have helped move the state police agency in the American state of Washington from performance appraisal to performance management. These authors argue that the principles on which the reforms were based seem applicable to other agencies wanting to move in new directions or energize ongoing performance.

Performance management standards

A first step in the development of a PM system should be the identification of performance standards/objectives based upon a comprehensive job analysis. The dimensions of work that are evaluated should be the most important for effective job performance (Roberts 1998) and its ultimate contribution to the mission of the organization. These standards should be clear, specific, measurable and communicated explicitly both orally and in writing. Both raters and ratees should participate in developing performance standards and the structure of the rating form. The standards and objectives can and should include mastery or development of essential competencies. Overall, the most important evaluation criteria categories used for assessing civil servants' performance in most OECD countries are the following: outputs achieved, including pre-identified objectives; competencies and technical skills; and interpersonal, teamwork, leadership and management skills. Other criteria mentioned by individual countries include ethics (Canada) and innovation (Denmark) (OECD 2005).

Setting quantitative performance measures has long been considered problematic in the public sector, where organizations must often respond to competing interests, work with vague or conflicting directions from political leaders, and tailor services to meet a variety of circumstances in ways that undermine efficiency in service provision. Nevertheless, setting

clear organizational objectives is essential for implementing PM effectively at all levels and is especially important for middle managers who must have a clear perception of what they need to achieve in order to effectively assess their own staff (OECD 2005). Pollitt (2005) studied the implementation of PM in four European countries (Finland, the Netherlands, Sweden and the UK) and observes that PM has addressed some of these concerns by acquiring greater multidimensionality, incorporating not only producer concerns such as efficiency and cost effectiveness but also user elements such as service quality and customer satisfaction. Agencies in all four countries were using or developing versions of balanced scorecards, suggesting that performance needs to be conceived and measured multidimensionally. The author concludes that this kind of measurement approach seems capable of spanning national and sectoral differences. Of course, the desire of political leaders to respond to multiple interests can result in a multitude of expectations that are contradictory or conflicting. Still, the balanced scorecard approach is becoming increasingly popular.

Some public sector organizations have been moving away from traditional means of single-rater appraisals and are increasingly using self-evaluations, peer reviews and 360-degree evaluation. These methods facilitate broader employee participation in the design and implementation of PM, which in turn appears to increase their trust in the evaluation systems (Bowman 1999). Peer review fosters a problem-solving partnership between employees and managers, enhances employee respect for management, and promotes appreciation for the tough decisions managers are often required to make as well as demonstrating management's commitment to the notion of employees as trusted partners. With 360-degree evaluation, feedback is obtained from supervisors, colleagues, clientele and subordinates. However, not all employees have direct contact with the public, and those who do often lack the sort of repeated interaction with clients that would make assessment feasible.

Evolution of rating instruments

Experience indicates that raters are reluctant to use the full scale in their evaluations, no matter how complex and formal the criteria might be. For example, in the US more than 95% of managers are rated as "fully satisfactory or better" under traditional performance review schemes (OECD 2005). Considering these limitations, there have been two notable trends in the last decade. First, centralized and scientific methods have been slowly replaced by more relaxed performance management tools designed at a lower level (OECD 2005, 4). Rating systems have become less detailed, focusing mainly on the distinction between best and worst performers—since performance can be more easily assessed for the extremes—based on a 3-point scale rather than on a 5-, 10- or 20-point scale. Second, there has been increased use of

quota and forced ranking methods to specify the proportion of employees placed in the higher categories of the rating scale (e.g., in Canada, Germany, Korea, Switzerland, the U.K. and the U.S.). However, Lawler (2003) warns against forced distribution methods, arguing that that this evaluation method quickly starts attacking the middle of the bell curve where there may be few stars but equally few, if any, poor performers. Skill-based approaches make particular sense when work is heavily interdependent and outcomes derive from strong team work, as is often the case in public organizations. Emphasis on individual performance is, in such circumstances, increasingly recognized as counterproductive. Lavelle (2006) concludes that public service relies on high levels of collaboration and does not lend itself to the leveraging of competitive instincts (within work groups or between colleagues). HRM tools must be fashioned to take into account this reality.

Use of performance information in performance steering
To make the transition from performance measurement to active management, information on outcomes must be an input to an organization's strategies and tactics (Kettl 1997). Pollitt (2005) has shown that both task characteristics (e.g., measurability, standardizability, political salience and budget weight) and cultural characteristics (e.g., institutional patterns and cultural norms) influence performance management practices in public organizations. Two general tendencies appear across countries: the incremental growth of more sophisticated performance-indicator systems on one hand, and the relative feebleness of ministries in developing performance-based strategic steering on the other. In a variety of forms, performance appraisal has become quite common in the public sector worldwide, but the information produced through these mechanisms is not always used effectively (Ospina, Cunill and Zaltsman 2004).

Several studies have examined the extent to which performance indicators influence the top management of governmental agencies and the degree to which performance data is used by ministries as steering instruments in different parts of the world: Latin America (Ospina, Cunill and Zaltsman 2004), Europe (Pollitt 2005) and the US (Ingraham, Joyce and Doonahue 2003). Pollitt (2005) concludes that although appraisal has become all but universal and PM is growing steadily but varies in form and force among different countries and tasks, performance steering of agencies by ministries is still a rarity and may never become particularly common. Although balanced scorecards are increasingly used in ministry/agency relationships, the link between performance and budgets frequently remains weak or unclear, at least when there is competition with political priorities. European findings align closely with recent large-scale research in the US, concluding that many governments are definitively identifying and measuring outcomes and progress but that using that information to create change remains a challenge (Ingraham, Joyce and Donahue 2003).

One significant attempt to tie performance to organizational direction has been the use of performance contracts, particularly for senior officials. Pollitt and Bouckaert (2004, 77) point out that many executives now work on fixed-term agreements, increasingly with specific targets. In some respects, the business CEO has become the model—even in name—for the expectation that this individual will be accountable for organizational performance. Indeed, in some nations these individuals are increasingly moving back and forth between the public and private spheres.

EVOLVING PAY SYSTEMS IN THE PUBLIC SECTOR

Public sector employees in many nations traditionally enjoyed some protection from political caprice, but forms of tenure have become decidedly less secure as governments have emphasized performance and accountability. No longer offering a job for life and often burdened by lower pay scales, public organizations continue to experience difficulty attracting sufficient numbers of employees, much less the best performers. This challenge is particularly worrisome in nations where the demographic balance is shifting and a high proportion of civil service workers will be eligible for retirement in the near term.

The question of how to reward civil servants is therefore both thorny and important for the future delivery of public services. Compensation is obviously central to the employment relationship and to the recruitment, motivation, satisfaction, commitment and retention of employees. Moreover, pay is often expressive of management style and of symbolic importance. Thus, the development of a compensation policy is an integral part of strategic HRM in the public sector. In a political environment in which governments face significant resource constraints, remuneration decisions must balance the twin goals of motivation and equity with the ability of governments to pay. The goal should be to pay public servants enough to attract and retain the most competent people (WPSR 2005).

Freibert (1997) sums up the main features of traditional pay management in the public sector: "In the past, most public service systems, in spite of national and regional variations, shared certain common features, including centrally determined pay structure, across the board increases, pay scales based on grades rather than job content, occupational category or individual merit, and progress up the scale according to seniority rather than performance." In contrast, new pay systems attempt to place value on flexibility, decentralization and individualization of compensation, the organization's strategy and needs, external equity, and market compatibility. In new compensation systems, pay structure is ideally based on

individual or team performance and competence, pay determination is individual (instead of collective), and individual employees can choose from a diverse range of benefits (Risher 1997; 1999; White 2000). Table 1 shows the values associated with traditional and more recent compensation plans.

Table 1 Characteristics of traditional versus new pay systems

	Traditional Pay	New Pay
Central Value	Consistency	Flexibility and individualization
Design based on	General principles/values	Organizational needs, strategy
Equity	Internal equity	External market compatibility
Degree of centralization	Central HRM system	Decentralized management system
Pay structure based on	Job classification (grade), job evaluation (job content)	Labor market value and ind. competences
Pay increase	Length of service (seniority)	Ind. or team performance, competence
Pay determination	Collective	Individual
Fringe benefits	Job security is important, + other benefits	Flexible, ind. choice between diverse range of benefits

Source: Adapted from Risher (1999, p. 340)

Performance-related pay
Performance-related pay (PRP) refers to the variable part of compensation awarded—on an individual or on a team/group basis—depending on performance as measured in terms of either qualitative or quantitative criteria or both. The spread of PRP relates both to the number of people involved and to the range of grades covered, extending from top management to managerial to non-managerial to manual employees. Until about 20 years ago, nearly all civil

servants in OECD countries were given pay increases primarily based on length of service, regardless of how well they did their jobs.

Governments have turned to PRP for at least four reasons. First, in the quest for flexibility and individualization of HRM practices, PRP is expected to foster individual motivation by recognizing effort and achievement in a concrete way. Second, at a managerial level, PRP also helps attract dynamic and risk-taking individuals who are confident of their ability to perform. This perspective is particularly important in attracting people from the private sector. Third, governments may see PRP as a way of containing salary costs by reducing automatic progression through salary levels or as a way of lifting an overall salary ceiling, with non-pensionable financial rewards. The increase in salary allowed by PRP may also be seen as compensating for the loss of security entailed in introducing fixed-term contracts, as in New Zealand. And fourth, PRP refutes any idea that civil service employees are unaccountable and overpaid by showing that their level of performance is monitored and their compensation is contingent (OECD 2004; 2005).

In 2005, more than two thirds of OECD countries had introduced some form of PRP for at least part of their civil service, but the design and application of such systems varies considerably across countries. Nevertheless, we distinguish three trends (OECD 2005). First, until recently, the few OECD countries with the most extended, formalized PRP policies were those with position-based systems and a high degree of delegated responsibility for human resources and budget management. These include Denmark, Italy, New Zealand, the United Kingdom and the United States. However, this trend has started to change, with PRP policies having been introduced into career-based systems in countries such as Hungary and Korea.

Second, in countries such as Canada, Ireland and Norway, PRP is applied only at the management level. In Ireland, Norway and France, it has been applied in six pilot ministries, though only for the most senior officials. However, a notable development in recent years has been the extension of PRP from senior management to non-managerial staff.

Third, several countries have strongly encouraged the move toward a more collective approach to PRP over the past five years. The OECD (2005) reports several positive examples of this. In the United Kingdom, a number of departments made the transition from individual to team-based systems in 2004, and preliminary results of this new policy encouraged the government to promote the extension of collective PRP systems. In Finland, results-based rewards applied at the team level are considered the most effective method of reward allocation. The Spanish National Institute of Social Security introduced collective PRP and reports highly positive effects: the average time to complete procedures related to social security benefits dropped from six months at the end of the 1980s to less than seven days by 2000, primarily due to management changes linked to PRP and improved use of information and communication technologies. In career-based systems, the resulting accountability structure

is more collective than in position-based systems, so it is possible that collective pay rewards might be appropriate in these circumstances (OECD 2004).

A final element of variation concerns the significance of PRP in the typical financial reward package. Monetary incentives for good performance are relatively stronger in position-based systems, while the emphasis on promotion is relatively stronger in career-based systems. PRP rewards can be given as permanent additions to the recipient's basic pay (merit increments) or as one-time payments that have to be re-earned during each appraisal period (bonuses). In the last decade, the use of bonuses has become more common because they provide greater flexibility and do not add to fixed payroll or pension costs. The size of payments varies greatly across OECD countries, but it is generally a fairly modest percentage of the base salary, especially among non-managerial employees. PRP merit increments are in general below a maximum of 5% of the base salary. PRP bonuses tend to be higher, but overall, maximum rewards usually represent less than 10% of the base salary for civil servants. For managers, the size of performance payments is often larger and represents, on average, 20% of the base salary for maximum rewards.

In some countries, performance-related pay must be cost-neutral. For example, this can be achieved by decreasing the salaries of the worst-performing staff. In Switzerland, for a public employee rated "B" (partially satisfies requirements), the wage is reduced to 94% of the pay band ceiling after a two-year period. Other countries share cost savings with their employees, though productivity in the public sector is notoriously difficult to measure. For example, in Finland, one third of any improvement in results is to be devoted to staff rewards. Overall, however, in public organizations as in the private realm, the proportion of income that an employee experiences as being at risk under PRP typically tends to be low in principle and still lower in practice.

The larger question may be whether PRP actually works as a motivational tool. Many government organizations claim to have PRP, but in practice there is often a gap between the existence of a so-called "performance-related pay scheme" and its concrete functioning, which may be barely linked to performance. Marsden (1997) mentions that only a very small minority of personnel actually receive unfavorable scores. Willems, Janvier and Henderickx (2004b) show that line managers still encounter difficulties rewarding only a portion of their employees with performance-related pay and have a tendency to distribute bonuses to the entire staff to avoid jealousy and conflict, thereby undermining the motivational aspect (OCED 2004). Irrespective of its design, PRP appears to motivate only a minority of staff in the public sector because the large majority do not see it as an incentive to work more efficiently. Extensive staff surveys, conducted notably in the United Kingdom and the United States, show that despite broad support for the principle of linking pay to performance, only a small percentage of employees thought their existing performance pay schemes provided them with a sufficient

incentive to work beyond minimum job requirements. Many commented that they found PRP divisive (OECD 2005). Evidence from the government of one industrialized country suggests that PRP can actually damage performance and motivation (Marsden and Richardson 1994). Measures implemented in public organizations with the goal of increasing individual and collective performance in Switzerland led to an increase in organizational fragmentation and internal competitiveness (Bolgiani 2002). Why should this be true? Most government workers, particularly those in non-managerial roles, consider basic pay and how it compares to the wider job market far more important than supplementary pay increases for performance. Moreover, performance rewards are often limited in the public sector, and public employees are perhaps more inclined to be motivated by job content and career development prospects than by PRP payments (OECD 2005). This concept is explored in more depth below.

Despite these important limitations, PRP appears to create windows of opportunity for wider management and organizational changes. First, PRP gives managers an added incentive to manage effectively and encourages them to fully endorse a goal-setting approach. Second, PRP allows the linking of broader organizational objectives to those of individual employees. Third, PRP facilitates wide-ranging organizational changes by linking pay bonuses to new objectives at the individual and the departmental levels. PRP may be used as a lever to introduce more flexible working methods (working hours for instance), encourage team work, reinforce information and communication flows, and emphasize the implementation of new behaviors associated with training. Finally, PRP also has a positive effect on recruitment, as demonstrated particularly in the Scandinavian countries. In Denmark, 57% of managers indicated that PRP leads to better opportunities for recruitment. Similar outcomes have occurred in attracting and retaining top quality school teachers in England and Wales (OECD 2005).

Moving toward modern pay systems
Many studies on pay systems in the context of new public management focus on PRP, but their implementation has been inconsistent across countries. Willems, Janvier and Henderickx (2006) have examined the occurrence of new pay systems and the extent to which the central governments of six European countries (Belgium, Denmark, Germany, Finland, Sweden and the UK) are following the new pay trends related to 1) structure; 2) bases for pay increase; 3) pay determination and degree of centralization; and 4) fringe benefits, allowances and other extras. They find that although PRP is becoming popular and although there have been changes in the six pay systems studied, a new pay model has not been fully adopted, and traditional rewards systems are still strong, with the exception of Sweden and to a lesser extend the UK

and Denmark. In Belgium and in Germany, federal pay systems are still predominantly traditional, although the former uses competence-based pay and the latter plans to change to more performance-related compensation. The Netherlands still has mainly traditional pay system features, like pay scales with fixed increments, but civil servants there can also expect in the future more use of performance-based pay and individual choice concerning benefits.

The degree of decentralization is also an increasingly visible issue. In the UK and Denmark, pay systems lean toward more innovative forms, with decentralized responsibility for compensation decisions and performance-related pay. The UK also uses pay bands as a basis for pay structure, which some US organizations have also employed in an effort to move to competence-based pay systems. Only the Swedish system could be characterized as completely new, with a highly decentralized and individualized pay system largely based on performance. In the area of reward management, however, most central governments have not yet adopted the full range of private sector practices. An OECD (2004) survey reports that in career-based systems, the overall pay bill is set centrally for ten countries[2]; but in another set of eleven countries[3], the funds allocated for personnel are decentralized to the departmental or agency levels. In the remaining ten countries[4], some departments are free to manage their own workforce accounts.

In conclusion, overall funds for compensation are still quite controlled, but many flexible pay arrangements exist. Decentralization occurs but is often limited to the implementation of decisions while at the same time being restricted by central guidelines and regulations. These rigidities can be partially explained by the importance that civil servants attach to their psychological contract, in which equity and collectivism remain central values (Willems, Janvier and Henderickx 2006). Moreover, the OECD (2004) report highlights the fact that unions continue to play an important role in determining working conditions and pay levels of public servants, in many cases striving to maintain the rigidities of existing civil service systems.

Psychological contract

Public sector employees often have a strong sense of psychological contract, consisting of a delicate balance of expectations between the employer and the employed (Willems, Janvier and Henderickx 2006). Loyalty is a principle element, with anticipation of long-term involvement, job security (Janssens, Sels and Van den Brande 2003), fair treatment and quality of opportunity (Willems, Janvier and Hendericks 2004a). In return, public servants are typically

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[2] Such as France, Italy, Spain and Japan.
[3] Such as Australia, New Zealand, Sweden and the US.
[4] Such as the UK, Canada, Belgium and Switzerland.

willing to offer a high degree of loyalty (Janssens, Sels and Van den Brande 2003) and commitment. Compared to employees in the private sector, public workers have been motivated more by intrinsic rather than extrinsic rewards (Brown and Heywood 2002). Loyalty, job security and fair treatment are characteristics of the "old" psychological contract that fit well with career-based systems and the traditional pay model (Schuster and Zingheim 1992). In contrast, however, Thompson (2006) suggests that newer innovations such as pay banding and PRP exacerbate the tensions between enhancing performance and acting pursuant to a public service ethic. Willhelm, Janvier and Henderickx (2006) suggest that new pay practices in the public sector may be based on an "investing psychological contract", in which employees do not have high expectations but are willing to offer personal investment and flexibility.

The old psychological contract might be so deeply rooted that it makes radical change quite difficult (Willem, Janvier and Henderickx 2006). The ability to change may be hindered by unions (OECD 2004) and, in countries like Germany and Belgium, by strong legalistic norms that promote an entitlement culture. Altering pay systems that rely to a lesser degree on laws and decrees is probably less problematic, as evidenced by the Swedish model (Willem, Janvier and Henderickx 2006). However, it is not entirely clear that all public services could manage to motivate their staff better by offering them individualized performance- or competence-related pay. To be singled out—even for positive recognition—is not considered desirable in some collectivist cultures. Changing a civil service pay system from collective pay grades to individual pay setting is a big step that could jeopardize notions of pay equity in the old psychological contract, particularly in societies that place high value on respect for seniority and experience (Risher 1999).

It seems clear that in the absence of increased funding, traditional compensation systems are no longer able to provide sufficient rewards to adequate numbers of individuals in order to staff a modern public service. Performance pay and other forms of recognition, as well as personal growth and fulfillment, may be more important to a new generation of public employees less concerned with security and tenure. Although popular in some nations, however, PRP and other new HRM approaches should certainly not be considered a panacea: implementation is riddled with difficulties; organizations encounter major methodological and measurement problems; evidence is often inconclusive and ambiguous; and the experience of OECD countries has not been altogether satisfactory (WPSR 2005). However, PRP and related changes can help improve performance when applied properly in the right managerial context, if not because of the financial rewards then indirectly through the changes in work and management organization needed for their implementation (OECD 2005).

CHALLENGES FOR THE FUTURE

Although government organizations in many nations are adopting HR practices used by progressive companies in the private sector, these reforms may be driven as much by political considerations as by the desire to ensure a vibrant and capable public service. Politicians want to be seen to be fixing performance problems and improving public services available to their constituents, but their rhetoric often reinforces the perception of public employment as the refuge of workers simply marking time until retirement. This image will not allow public service to attract a younger generation of workers who are less concerned with job security relative to the prospects of challenging work and empowered decision making. Winchell and Risher (cf Risher 2003) agree that giving employees more participation and decision authority will be essential to the future of the US civil service, though they disagree about the likelihood of empowerment efforts actually overcoming existing obstacles.

Past reforms have usually been conducted using a "top-down" approach, with very limited participation from the employees themselves. HRM professionals in several nations have also found their own input to be limited. That this lack of employee or professional involvement in human resource decisions has a parallel in many private companies may provide some small consolation, but it will not make public service more attractive.

Consistent with their perceptions of underperforming organizations, few political leaders have been willing to advocate significant increases in the overall compensation of public employees, though some have acknowledged an impending crisis in the ability to attract new workers (Voinovich 2000). As mentioned above, amounts allocated for performance pay must often be "cost neutral," with incentives paid out of savings due to staff reductions or lower pay for some workers, as in the Swiss case. The size of the overall compensation pie has generally not increased; it is simply sliced differently. Talk of performance pay, especially in small increments, will not attract the best employees when base salaries are substantially below those in the private sector. In spite of a deepening crisis in the ability of some nations to attract new workers, the political will does not yet exist to resolve the pay disparity between public and private employees. Of course, there are exceptions, notably in Singapore and Hong Kong where public workers are well rewarded and government work attracts the top graduates from local universities.

As the US General Accounting Office (2001) has pointed out, public employees are often viewed as "costs to be cut rather than assets to be valued." Notwithstanding pay-for-performance and more attention devoted to competency building, public service will not be attractive to innovative and committed employees until they are convinced that the organization (and public leaders) view them as a strategic asset.

GENERAL CONCLUSIONS

HRM claims to be an important management tool for achieving better efficiency and higher performance in public sector organizations, provided it is integrated with appropriate institutional arrangements, budgeting authority and accountability. However, Shim (2001) suggests that these links have been slow to emerge and quite tenuous. Nevertheless, he also stresses the multiple and positive effects of HRM reform across countries, including more efficient management of public organizations, improvement of overall service quality for the public, improvement of employee motivation and performance, greater results orientation in organizations, and increases in managerial accountability. Thompson (2006) is more skeptical, pointing out that performance shortcomings in public sector organizations are more likely the result of interaction with the political system than with managerial issues.

Although incomplete, we see evidence of reform based on the increasing use of HRM practices applied in some private sector enterprises. Nevertheless, Giauque and Caron (2004), underline the fiscal motivation for these changes, noting that some governments see employees (i.e., human resources) merely seen as an "adjustment variable" and not as an asset in which to invest. New HRM practices are too often used after major changes, such as downsizing, have been completed in order to alleviate the negative effects of financially motivated reforms: poor morale, lower productivity and lower job satisfaction, Without new HRM practices these negative effects could potentially cancel out the intended gains. A better strategy is to start integrating new HRM practices in the first stages of the reform plan. In the absence of a new perception of public service and rewards commensurate with private sector employment, however, we wonder whether the reforms mentioned above may be likened to simply rearranging the proverbial deck chairs on the Titanic. They give the appearance of performance-oriented change, but do little to attract capable employees and leaders for the future.

The boundary between public and private is becoming more porous, and the temptation is often to import "best practices" from the private sector to the public sector. As was the case during the shift to a professional civil service in the US, public authorities have tried to find the "one best way" to approach HRM reform. However, extreme and non-critical adoption of management principles and tools borrowed from the private sector has in some cases fostered a shift to an ideologically based and mechanical vision of change in the public sector (Giauque and Caron 2004), without addressing the fundamental problems. Indeed, judicious adaptation and learning from the private sector can be beneficial, but care is needed in crafting practices and approaches that respect the unique character of the public sector, its workforce, sprit and values (Lavelle 2006). As in the private sector, the best public employees have more options and alternatives than ever before.

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