SECTION 1 MAKING THE MOST OF STAFF

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1.1 Ensuring non-discrimination in employment practices

The New Zealand (NZ) public service has been the subject of equal employment opportunity initiatives since 1984 and of legislative provisions ensuring non-discrimination in employment practices since 1988. This paper explains the system used within the New Zealand public service to monitor overall progress in implementing equal employment opportunities (EEO).

Under section 6 of the State Sector Act 1988, the State Services Commission (SSC) is charged with the responsibility to "promote, develop and monitor in each department equal employment opportunities policies and programmes."

All Public Service departments are required to submit EEO reports to the State Services Commission on an annual basis. There are three required reports:

- an EEO plan
- a progress report on the previous year's plan
- a statistical report.

Based on the results of the SSC evaluation an EEO analysis is sent to each chief executive annually and this is used to inform a follow-up face-to-face meeting.

This information is collated to provide a picture of progress in implementing EEO throughout the Public Service. To date the SSC has published a formal report on this information on two occasions; most recently for the 12-month period to 30 June 1993. The 1994 report has been released.

The information gathered annually is evaluated using a standard methodology developed by the SSC. The methodology is based on a set of guidelines that have been issued to assist departments with their EEO programmes. The guidelines are entitled *EEO Stages of Development for the New Zealand Public Service* and entail three stages:

Stage 1 Organisational Preparation and Analysis;

Stage 2 Management of Change Process;

Stage 3 Maintenance of Change Process.

The three stages of development can be applied in a cyclical and continuous fashion to ensure the ongoing adaptation of the EEO programme to the changing internal environment of the department.

The context for change

As one of the largest employers in the country, the Government of New Zealand has taken a leading role in the development of EEO thinking and practice. The EEO information derived from individual departments by the monitoring process serves a number of functions:

- it enables progress across the public service as a whole to be assessed;
- it provides the sound statistical basis for policy and planning;
- it enables problem areas to be identified and targeted;
- it ensures that the legislative imperatives that underpin EEO in the New Zealand public service are complied with.

Ultimately the objective of EEO policy is that it should be fully integrated into all aspects of the business and human resources management of public service departments.

There is evidence that EEO principles are becoming part of a broader, more strategic approach to human resource policies and practices.

Implementing change

An initial (1988) move was to conduct a Public Service EEO Census in order to provide all departments with their baseline data from which to measure progress.

In 1991 the SSC issued guidelines to all departments which described the various stages of development involved in establishing an effective EEO programme. The guidelines are intended to be used by departments as a diagnostic and analytical tool to assess their own level of progress, as well as identify barriers to, and opportunities for, achieving a satisfactory EEO programme which is specific to the department.

Departments have made differing progress in implementing the three stages of EEO development contained in the guidelines. Some are now well into Stage 3.

The achievement of the various elements of the guidelines since their introduction has been a function of the pressures and opportunities existing in each department. A key factor in EEO implementation has been the need for departments to appreciate that in some areas EEO did require sequential development.

The EEO Section of the SSC was established in 1986, but it was not until a legislative imperative for EEO was provided in the State Sector Act 1988 that substantive progress began to be made.

EEO policy and practice continues to develop as new strategies and directions emerge. The experience gained in implementing EEO programmes since the mid-1980s is incorporated into current practice. The quality of the data supplied by departments has progressively improved.

Most public service departments employ either a full-time or part-time EE0 co-ordinator. The SSC, which promotes and monitors EEO activity, has a specialised EEO team. The EEO team has been operating since 1986 and its activities include running training workshops, preparing and editing publications and promotional material, and conducting research projects (some in conjunction with other departments). A major emphasis in the last two years has been the alignment of EEO with the business of the particular organisations and its integration into all aspects of management practice.

The "EEO Stages of Development Model for the New Zealand Public Service" guidelines provide a useful tool for departments to review progress and as a starting point for assessing impediments to further progress. In summary, the key elements of the guidelines are:

(a) Organisation Preparation and Change

- examination of the profile of the department;
- establishment of senior management commitment;
- allocation of resources;
- education of managers.

(b) Management of Change Process

- production of an initial EEO plan;
- setting up an EEO database on all employees.

(c) Maintenance of Change Process

- evaluation of progress;
- production of an annual EEO plan subsequent to the evaluation process;
- maintain and expand EEO database;
- target particular areas for change.

It is expected that departments will, in the future, take greater initiatives in tailoring or customising their approach to EEO implementation to their particular organisational environment. Already it is apparent that increasing sophistication is being shown in the implementation of EEO as departments recognise the particular issues and challenges in their environment. For this reason it can be anticipated that the range of EEO strategies being adopted will diversify.

Supporting material

(i) Department of Labour, 1991, *Into the 90s: Equal Employment Opportunities in NewZealand?* Wellington

(ii) State Services Commission/Department of Labour, 1991, *Equity at Work: An Approach to Gender Neutral Job Evaluation*, Wellington

(iii) State Services Commission, 1991, *EEO: Progress in the Public Service as at June 1991*, Wellington

(iv) State Services Commission, 1992, *EEO: Progress in the Public Service as at June 1992*, Wellington

(v) State Services Commission, 1993, *EEO: Progress in the Public Service as at June 1993,* Wellington

1.2 Enhancing staff training and development

The chief executives of New Zealand government departments are employers who are free to determine their own staff training and development needs and programmes. Some larger departments maintain in-house programmes but most agencies contract learning institutions as main providers.

New Zealand Government departments are therefore largely autonomous in relation to staff training and development. It is not possible to encompass in a single paper the experience of the sector as a whole. This entry will cover some of the main issues which experience in New Zealand indicates must be addressed in any departmental staff development and training programme.

Training may be seen as providing people with whatever skills they need to do their job effectively. Development is concerned with enhancing an organisation's skill base so that it is able to respond adequately to future challenges; thus, as the term implies, development looks ahead in order to anticipate what individual skills will be called for in the future.

Staff training and development has had to become more systematic in recent years for the following reasons:

- many organisations are faced by rapid technical change;
- the pressure on costs has led to lower staff numbers, all of whom must be competent in a wider range of skills;
- customers' expectations of service are rising;
- in the public sector, although there is no overt competition, there is an increasing need to demonstrate that value for money is being provided.

The benefits to staff that arise from an effective staff training and development programme include:

- the opportunity for self-improvement and better promotion prospects;
- greater ability to cope with an organisational environment often characterised by change and upheaval;
- greater job satisfaction.

Organisational benefits can include:

- greater staff productivity;
- more flexible staff;
- a minimum of loss due to low morale, staff turnover or other disruptions.

A training and development policy involves three elements:

- on-the-job training and development;
- formal training based on in-house and externally provided courses;
- professional development of the individual.

On-the-job training
This should be provided regularly and systematically and should be covered in the periodic review of the staff member's performance and development needs. It may include the following elements:

- developing institutional knowledge of the processes of the parent department and other public sector organisations;
- gaining experience in a wide variety of work, including job rotation;
- involvement in peer review and discussion;
- regular briefing by management both individually and collectively.

Formal training
The purpose of attending formal training courses is to supplement the individual's existing skills and qualifications base. External courses, while tending to be more costly than on-the-job training, can contribute new perspectives and expertise as well as providing an opportunity to broaden the individual's range of contacts outside the organisation.

Professional development
Staff who continue to develop their skills will improve their value to the organisation. Public sector organisations therefore encourage staff to continue self-development by assisting staff in training and development activities which are relevant to the organisation's objectives. In effect, self-development represents a long-term investment in the individual's and the organisation's human resource capability. Government departments assist staff in professional development by:

- providing information on the range of available courses;

- allowing time for individuals to attend, normally on a part-time basis, approved courses of study;

- meeting course fees and other expenses where appropriate;

- in some circumstances, allowing time for full-time study on either a full pay or some other basis;

- facilitating postings to other organisations, either in New Zealand or overseas, to broaden the individual's experience;

- meeting fees for involvement in professional associations and societies and their conferences and seminars.

In mid-1992 the Government introduced an Industry Skills Training Strategy designed to encourage the development of high quality systematic training for industry. The aims of the strategy were to:

- increase the range of skills and occupations covered by industry-wide training systems;

- broaden the range of people who have access to recognised training;

- make training more responsive to the needs of industry;

- allocate governmental resources for industry training more fairly.

A task force of departments has been established to oversee implementation of the strategy and to assist sectors to produce their own plans for industry-focused training. A series of Industry Training Organisations (ITOs) representing every area of enterprise is now in operation. There is a specific Public Service Training Organisation (PSTO) which will consider how to apply the broader concepts of industry training to the public sector.

Most New Zealand government departments have a staff training unit. The role of these units may be summarised as:

- undertaking training needs analysis for the organisation;

- designing, arranging and, in many instances, conducting training courses;

- maintaining an information base of training programmes and resources;

- developing organisational policy in regard to training and development;
- monitoring and evaluating training courses.

Supporting material

(i) *Education Gazette* Vol. 72, No 7, 1993, Ministry of Education, Wellington

(ii) *Training Directory*, 1993, Wellington

1.3 Utilising performance appraisal

One aspect of the state sector reforms begun in the mid-1980s in New Zealand was to improve state sector management practice and to bring it more into line with that of the private sector. This entry looks at how a procedure for performance appraisal has been applied to public service chief executives in New Zealand.

The State Sector Act 1988 and the Public Finance Act 1989 created the legislative framework for the reforms in the public sector. As a result of the legislation, the term *permanent head* of a department was replaced by *chief executive* to reflect the new management role of the senior executive. Chief executives are appointed on contracts for up to a term of five years. The contract emphasises the individual accountability of the chief executive to the department's responsible minister. The functions which they are responsible to their minister for carrying out include:

- the functions and duties of the department;
- the provision of policy advice to the minister;
- the general conduct of the department;
- efficient, effective and economical management of the activities of the department.

In outline, the model followed in New Zealand to evaluate chief executive performance is as follows:

- at the start of the reporting period a document outlining the expectations of the chief executive's performance is prepared;
- at the end of the reporting period performance is reviewed and assessed;
- the assessment then becomes the basis for incentives and sanctions.

The formal process of performance appraisal of chief executives is based on an annual performance agreement – encapsulating the chief executive's key result areas for the department and the personal accountability and commitment of the chief executive – drawn up between the chief executive and their Responsible Minister. At the end of the annual reporting period performance is reviewed against the initial expectations in a process conducted by the State Services Commissioner. While this is a relatively simple model to describe, in practice it has required considerable effort for it to become an effective process of performance appraisal.

The context for change

State sector reform in New Zealand had a number of objectives, including improving efficiency and accountability within the sector. To achieve this, particular emphasis was placed on the person heading the department or agency (the chief executive). In order to achieve the benefits of clear relationships between chief executive and minister, clear departmental objectives and clear lines of accountability, the approach adopted was informed by *agency theory*. The ideas of *agency theory* were used to develop a new model of the relationship between minister and chief executive. As a key agent, the chief executive can, of course, affect the incentives and thus the performance of other agents in the organisation. The State Sector Act basically entailed a straight line of accountability between chief executive and Minister. This was summed up by Bushnell, Scott and Sallee:

> "The essence of the State Sector Act is that it formalises in an employment contract the agency relationship between the departmental head and the minister and enables a more explicit accountability for performance."

The rationale for performance appraisal is to recognise the contribution of individual performance to organisational effectiveness and encourage behaviour that enhances that effectiveness. Performance appraisal of chief executives assumes that incentives can encourage good performance and, conversely, that sanctions will discourage poor performance.

At the chief executive level of the public service, assessing performance is difficult because of the complex business of government and the multiple accountabilities. It requires a system that allows for the complexity of the environment while enabling a chief executive's contribution to departmental performance to be assessed.

One advantage of the performance agreement process is its transparency and formality. Ministers are expected to set out their expectations and aims clearly and in writing. The role of the State Services Commissioner and the DPMC is to ensure that individual performance agreements are consistent with the Government's overall strategy and with each other.

Performance appraisal systems are implemented in various forms throughout public service departments. Consistent with the reform principles of devolution, these forms are primarily determined by individual chief executives.

Implementing change

The first year of the application of formal performance agreements between ministers and chief executives was 1988/89. In the first year only 12 chief executives had agreements. In the initial stages, as experience was being gained in operating the new regime, two firms of management consultants were used to develop a review process and assist with information gathering.

A number of changes were implemented in the 1989/90 year to streamline and standardise the process. Key observations from the year included the need to condense the review cycle because of a general election and the need for key documentation and personnel to be available for interviews.

A major innovation in 1990/91 was the renewed emphasis that government placed on chief executives for considering departmental activities and policies in terms of the collective interests of government rather than solely in terms of narrowly defined departmental objectives. It is important that the performance agreement, while emphasising the chief executive's personal responsibility for the delivery of the agreed departmental outputs, should not lead to the fragmentation of Cabinet government. At this time, approximately half of the departmental chief executives had concluded a formal performance agreement. The need for better quality information from the central agencies in the assessment process was also recognised.

1991/2 was the first year that Cabinet directed that performance agreements would become compulsory for all chief executives and ministers. In addition, the role of the State Services Commission (SSC) in monitoring the process was reinforced. Since then, development of the procedures associated with the performance agreement have continued to be refined in the light of experience gained.

The key lessons that can be drawn from New Zealand experience are as follows:

- it is critical to specify performance expectations adequately and in a manner that can be measured and readily assessed;

- adequate monitoring against this specification is necessary so that issues can be dealt with as close to their occurrence as possible;

- it is important to undertake performance review and appraisal using a procedure that is accepted as fair and draws on a broad base of good evidence;

- it is important not to neglect follow up actions that reinforce good performance and encourage improvement in areas of weakness.

New Zealand's system of chief executive performance agreements has developed over the last six years. Initially agreements were on a voluntary basis and only covered a small number of chief executives. Since 1991/2 it has been mandatory for all chief executives and ministers to finalise a performance agreement.

Under section 43 of the State Sector Act 1988, the State Services Commissioner was given responsibility for reviewing the performance of chief executives. The Commissioner's approach breaks the process into the following stages:

- specification of performance;
- monitoring and reporting performance;
- assessing performance;
- follow-up.

The process continues to be developed but in 1993 the procedure worked as follows:

Step 1 A performance agreement is provisionally concluded between the minister and the chief executive and a copy, including the purchase agreement which sets out department outputs to be purchased during the review period, referred to the State Services Commissioner.

Step 2 The State Services Commissioner in consultation with the chief executives of Treasury and the Prime Minister's Department report to the Prime Minister, drawing to his attention any performance agreement which does not meet the requirements in terms of the collective interests of government.

Step 3 The minister is advised by the State Services Commissioner of any further action required on the performance agreement.

Step 4 The performance agreement is amended where necessary to reflect the State Services Commissioner's advice and any adjustments arising from the budget and signed by the minister and chief executive.

Step 5 The signed performance agreement is forwarded by the chief executive to the State Services Commissioner and becomes the basis of the performance assessment as the end of the review period.

Supporting material

(i) Assessing the performance of chief executives: perspectives from New Zealand, Boston, J, 1992, *Public Administration* Vol.70 Autumn 1992

(ii) *Making Good Government Seem Easy*, Mather, G., 1993, European Policy Forum, Brussels

(iii) *Reform of the Core Public Sector: New Zealand Experience*, Scott, G., Bushnell, P. and Sallee, N., 1990, Treasury, Wellington

(iv) *Review of Public Sector Chief Executive Performance in New Zealand*, Trotman, I. & Jones, N., 1993, paper delivered to Australasian Evaluation Society Conference 1993, State Services Commission, Wellington

1.4 Improving recruitment practices

The State Sector Act 1988 represents the most significant change in public service since its establishment in 1912. A unified public service in which the State Service Commission (SSC) was the central employing agency, responsible for pay and conditions of service, was replaced by a decentralised system in which each chief executive became responsible for staffing his or her department.

This entry looks at the guide to hiring practices in the state sector that was prepared by the SSC to assist departments in their selection of staff in the new decentralised environment.

The context for change

New Zealand public service departments operate in an increasingly cost-conscious environment. Typically, salaries account for a large proportion of departmental expenditure. The calibre of staff is one of the key variables in determining how effective this expenditure is.

Staffing an organisation has to be seen as a process that commences with recruitment and terminates when an employee leaves the organisation. By recruiting the best staff at the outset, the department will be saving itself considerable effort and cost over the duration of the employees' service by avoiding difficulties like basic skill deficiencies, problem staff and higher than necessary turnover. Investment in careful recruitment practices at the beginning of the process is likely be far more effective than attempting to redress personnel problems later on.

Failure to attract and hold high calibre staff can lead to a number of adverse consequences for any organisation including:

- poor quality work;
- dissatisfied customers;
- low staff morale.

There are some particular advantages that can be obtained from having written policy or guidance for recruitment practices:

- A written procedure is a key aspect of quality assurance in recruitment. Unless an organisation thinks through and writes down its decisions on how to recruit the best candidates for positions, it is likely to have a very uneven standard of recruitment.

- Without a written policy and record, the department is open to charges of being arbitrary, and even unfair, by unsuccessful candidates.

Implementing change

Under Section 59 of the State Sector Act the chief executives of the public service are formally the employers of departmental staff. They carry all the rights, duties, and powers of an employer. The extent of any recruiting therefore rests with the chief executive. Key provisions of the Act that chief executives must adhere to include:

a) Appointments must be made according to merit (Section 60). Merit is defined as the applicant who is best suited to the position to be filled.

b) Vacancies must be advertised in such a way that suitable applicants may apply.

c) Personnel policies must comply with the provisions of being a *good employer*. This means the personnel policy must contain provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment including:

    - the impartial selection of suitably qualified staff for appointment within the department;

    - recognition of the aims and aspirations of the Maori people and the need for greater involvement of the Maori people in the public service;

    - recognition of the aims, aspirations and cultural differences of ethnic and minority groups;

    - recognition of the employment requirements of women;

    - recognition of the employment requirements of people with disabilities.

d) Each department must have in place a procedure for the review of appointments made within the department that are the subject of any complaints by an employee of that department.

The ability to recruit and retain the best staff is fundamental to the success of any organisation private or public. The objective of any recruitment and retention policy is to select and hold the best person for the job at a reasonable cost. Within the overall framework of the State Sector Act, departments are responsible for their own recruitment and retention practices.

In 1989, to assist departments with their recruitment and retention practices, the SSC issued a booklet entitled *Selection – Guide to Hiring Practices in the State Sector*. The purpose of the booklet was to provide departments with a practical tool for personnel managers and others involved in human resource management. It provides information on the key principles and concepts as well as the current legal framework (i.e. Privacy Act 1993, Human Rights Act 1993) that need to be taken into account. Although personnel practices continue to evolve and legislative requirements change, many of the basic principles of effective selection as presented in the SSC booklet are likely to remain valid.

In addition to the SSC booklet a number of departments provide their own detailed guidance for issues connected with recruitment such as:

- the composition of selection panel;
- selection criteria;
- preparing and conducting interviews;
- using psychological tests as an aid to recruitment decisions.

Employer-employee relations in the New Zealand state sector are covered by the provisions of the Employment Contracts Act 1991. There is still some difference in the laws which apply to state servants, for example the State Sector Act, but many of the distinctions in employment law between the private and state sectors have been removed.

In the New Zealand state sector, organisations are using an increasingly diverse range of employment arrangements when recruiting staff. For example, in addition to "career" staff recruited with an expectation of ongoing service, the use of limited-term contracts of various time frames has increased. These contracts may be either short- or long-term. There has also been an increasing tendency to recruit staff on the basis of individual employment contracts.

Supporting material

Selection – A Guide to Hiring Practices in the State Sector, State Services Commission, 1989, Wellington

1.5 Utilising contractual employment

This entry covers aspects of the industrial relations regime that applies in the New Zealand public service. The employment arrangements for chief executives and members of the Senior Executive Service are covered as well as the basis of the employment of all other public service staff.

The context for change

The changes embodied in the State Sector Act were intended to foster recruitment of the very best available people, especially for the senior positions, to the public service. The private sector was perceived as being better at recruitment of top calibre staff and hence a private sector, contractually-based, employment model was followed.

The reform process in New Zealand has had a strong philosophical commitment to the use of market mechanisms wherever feasible. The greater use of contractually-based employment is consistent with the introduction of incentives, sanctions and individual accountabilities to improve performance.

The growing use of individual contracts of employment may be seen as part of a public service work climate that is more diverse, and where there is more need for terms and conditions of employment than can be encapsulated in a collective agreement.

Contractual employment allows individual needs, local conditions, and organisational factors to be reflected in the bargaining system.

Chief executives

The 1988 State Sector Act replaced the tenure of *permanent heads* with fixed-term contracts of up to five years for chief executives (CEs). Conditions of employment were established in the light of private sector practices. Provision was also made for the State Services Commissioner to consider recommending to ministers for reappointment chief executives whose term was due to expire.

When a CE position becomes vacant, the State Services Commissioner advertises the position, screens candidates and interviews candidates with the Deputy State Services Commissioner, the State Services Commissioner and panellists drawn from the public service and wider community. The decision by the Commissioner as to who best meets the requirements of the position is then submitted to ministers, who may either approve or decline the recommendation.

The instrument that is used to specify accountabilities and performance objectives is the chief executive's performance agreement. This document, not mentioned in the State Sector Act, provides the essential baseline from which CE performance can be evaluated.

The chief executives performance agreement is covered in greater detail in the entry in this series on performance appraisal.

Senior Executive Service

The State Sector Act made chief executives the employer of all staff in their department. The Act also allowed for a number of senior management positions to be designated as the Senior Executive Service (SES). The objective was that the SES would provide a unifying force in a decentralised public service, in which chief executives enjoyed a large measure of autonomy. The idea was to create a cadre of top talent with the experience to manage at the most senior level and to constitute a unifying force in the public service.

Like CEOs, members of the SES are appointed for terms of up to five years. The Act provides for the State Services Commissioner to exercise a consultative role in relation to SES appointments and their conditions of employment.

Other public service staff

Many staff below the level of senior management are now employed on an individual contract basis. Others remain part of a collective agreement negotiated on their behalf, usually by a trade union organisation.

Employees, under the Employment Contracts Act 1991 (ECA), have a choice whether or not to belong to any form of employee organisation or union. Previous rights of automatic representation guaranteed through union registration have been abolished and employees and employers are able to choose who will represent them either individually or collectively in negotiations. The number, type, and mix of contracts to apply in a particular workplace are therefore highly negotiable. In New Zealand, employers and employees are able to negotiate whether to have individual or collective contracts.

Implementing change

In the period 1988-91 there were three key developments in public service pay arrangements:

- senior positions were no longer covered in collective bargaining, though union coverage was optional;

- occupational classes were rationalised, for example, the Ministry of External Relations and Trade reduced the number of classes in its organisation from sixteen to two;

- ranges of rates were introduced in most departmental pay scales – an individual's placement in the range depends on performance and managers have discretion where they place an individual within the range.

The Human Rights Commission Act and the Race Relations Act provide a statutory framework to discourage anti-discrimination in recruitment processes.

The Employment Contracts Act applies to all employment contracts in the public as well as the private sector. Together with the State Sector Act 1988, the ECA forms the statutory basis for employment in the public service.

There is an important distinction between the employment contracts of full-time public service employees and the contracts of the self-employed. A contract of service applies to an employee and a contract for service applies to those who are independent or self-employed. The ECA covers the former but has little relevance to the position of the second category.

Taken together, these two Acts have created an environment where issues of performance and productivity are the key variable in negotiations about pay and conditions.

Until 1988, the public service was highly centralised in terms of employer-employee bargaining. The Government was committed to paying the same rate for the job across the country and to exercising centralised control over wages, salaries and employment. Public servants were the employees of the State Services Commission which negotiated with centrally organised unions.

Since the reforms were introduced there has been a trend towards an employer culture within departments. This has emphasised strategies of concessional bargaining, the progressive exclusion of managers from the coverage of collective bargaining documents, and enterprise bargaining at the level of individual departments.

Consistent with the trend toward devolution and decentralisation, the responsibility for negotiating collective as well as individual contracts of employment has been delegated to departmental chief executives. Chief executives are held accountable for their negotiations and are given broad parameters within which to bargain. Within these parameters employers have the flexibility to determine the issues they wish to address. The new regime allows departments to negotiate employment arrangements suited to their particular circumstances.

Supporting material

(i) *Negotiating Employment Contracts in New Zealand*, McCarthy, P, 1991, CCH New Zealand Ltd, Auckland

(ii) *New Zealand Public Sector Reform*, State Services Commission, 1993, Wellington

(iii) *New Zealand – Changing the Public Service Culture – A Radical Approach*, State Services Commission, 1990, Wellington

1.6 Developing a public service code of conduct

The context for change

In 1988 the State Sector Act created a new structure radically different from the Public Service which had existed since 1912. The unified public service was ended, the State Services Commission ceased to be the central personnel agency and each departmental head became responsible for his or her department. Contained within the State Sector Act was the recognition that in the new public service environment accepted standards of behaviour needed to be maintained. Under the Act responsibility was placed on the Commission to prescribe "minimum standards of integrity and conduct that are to apply to the senior executive service and employees of departments."

Implementing change

In May 1990 the State Services Commission issued a "Public Service Code of Conduct". Departments are encouraged to develop their own codes to ensure responsiveness to their own conditions. The Code of Conduct would provide the minimum standard. This Code established and explained in detail three principles of conduct which all public servants are expected to observe:

Employees should fulfil their lawful obligation to government with professionalism and integrity.

The issues covered under this principle include:

- employees' primary obligations to government;
- the need for political neutrality, whichever party is in power;
- guidelines on the making of political comment on government policy;
- guidelines on individual comment in the public area;
- guidelines on private access and communications with ministers and members of Parliament;
- the possibilities for conflict arising from individual participation in public bodies or voluntary associations, and the requirements if a public servant wishes to stand for Parliament;

- guidelines on the release of official information.

Employees should perform their official duties honestly, faithfully and efficiently respecting the rights of the public and their colleagues.

Under this principle the issues include:

- guidelines on expectations and responsibilities involved in satisfactorily carrying out duties at work;

- guidelines on need for courtesy toward and respect for the rights of colleagues and the public;

- guidelines on the need for honesty and impartiality and avoidance of situations which could compromise integrity or lead to conflicts of interest;

- guidelines on handling offers of gifts or gratuities.

Employees should not bring their employer into disrepute through their private activities.

This principle covers the following issue:

- guidelines on personal behaviour in both official and private capacities which might bring an employee's department into disrepute or jeopardise its relationships.

Although the Code was intended as a guide it has a force at law and each public servant is expected to have read and understood its contents. Its aim is to establish in a clear set of principles the obligations of public servants in their relationships with government, their colleagues and the public.

The rationale for the Code was that, although the New Zealand public service has traditionally enjoyed very high standards of integrity and probity, following a period of wide-ranging change, it was prudent to reinforce the standards of conduct that were required of public servants. The reform process had also been associated with major changes in staffing and some newer employees had had little experience of earlier ethical standards of public service and public interest. The emphasis placed on bottom line performance and contractual obligations for the delivery of outputs could also be seen as reasons to remind public servants of their obligations to the public's expectation of just and fair behaviour.

The new public service environment also resulted in senior officials gaining larger areas of discretion and decision-making commensurate with their responsibilities and accountabilities. In many areas of the public service it is difficult to enforce accountability. Under such circumstances the public must trust officials to act within acceptable ethical standards. Observing a code of conduct is one means of building such public trust.

The State Services Commission will release a series of ten guidance papers in 1995. The Principles, Conventions and Practices guidelines will provide guidance to senior public servants in the discharge of their duties with regard to appropriate conduct and ethical values. The papers highlight various elements of the public service, including the constitutional and legal framework, the Treaty of Waitangi and resource management.

Attention is also being given to the formulation of protection for "whistle-blowers."

The "Public Service Code of Conduct" was prepared by the State Services Commission in a process involving widespread consultation with departments and the Ombudsman.

Supporting material

(i) *Public Service Code of Conduct*, State Services Commission, 1991, Wellington

(ii) *Public Service and Public Servant*, Martin, J. (Ed), 1991, State Services Commission, Wellington

(iii) *Ethics in the Public Sector*, Robertson, J. 1990, RIPAA Conference, Queensland, Australia

(iv) *The Guardians*, Robertson, J., NZIPA Seminar, June 1991, Wellington

(v) *Relevant Issues in New Zealand Public Service Since 1988*, Undated SSC paper, State Services Commission, Wellington

1.7 Human resource information systems

Organisations have always needed systems and processes to manage their human resources. In the past, these have often been described as staff records or personnel systems. The development of Human Resource Information Systems (HRIS) can be seen as a response to the growing complexity of the personnel function. In New Zealand, as a result of public sector reforms, all departments have had to adapt to becoming their own employer instead of relying, as in the past, on the State Services Commission to perform a centralised employment function. The experience of each department differs in how they have met their particular requirements in terms of human resource information management. This entry will therefore outline some of the general issues identified in New Zealand as key to the development of such systems.

The context for change

In its broadest sense a human resource management system is the means by which an organisation communicates advice, information, and decisions relating to human resource principles and practice. In contrast, a HRIS has a narrower focus comprising various elements, often including a computer database, that handles a wide range of personnel data including staff numbers, skills, grades, experience, training, qualifications and records of performance. The collection and use of workforce data provides the basis for operational human resource management.

Generally in New Zealand, a human resource information system will be a computer-based method of collecting, storing, maintaining, retrieving and validating data needed by an organisation about its employers, applicants and former employees to provide the necessary information for decision-making.

The characteristics of a HRIS are:

- a database approach;
- efficient, accurate and timely data entry;
- rapid retrieval of routine and ad hoc information through the use of flexible formats.

Although a HRIS may be paper-based, there are some significant advantages to be gained by using computer technology. Computers enhance the system's ability to:

- retrieve and process information for large numbers of employees quickly and efficiently;
- sort and produce reports in many ways;
- integrate many operations.

A human resource information system is designed to perform a number of functions:

- to document existing human resource practices in a systematic way;
- to collect and hold information in a form that is accessible and useful for management purposes;
- to provide a framework by which strategic human resource issues can be addressed.

In the past, human resource information was routinely held on personnel files. This method tended to have limitations in terms of accessibility, the amount of useful information that could be held, and how the information could be analysed.

An effective human resource information system is a useful tool in recording the skills currently available within an organisation where gaps exist, the likely impact of movements, retirements, secondments, or leave, etc. A well designed HRIS is capable of performing statistical analysis and other types of modelling which can provide valuable insights into the demography and other variables of the organisation.

The primary focus of most HRIS is meeting largely short-term or operational needs. There is value however when developing a system in ensuring it is capable of serving longer-term or strategic human resource planning needs. The intention behind a strategic approach to human resource planning is not to predict exactly the number of staff or the mix of skills required at some point in the future but to anticipate trends. This could include assisting in determining which functions of the organisation are likely to grow and which may become less important.

The topic of management information systems in general is covered in another entry in this series.

Implementing change

New Zealand experience emphasises that each agency's particular needs and interests, in terms of a human resource information systems, differ. Many of the basic elements and much of the data to be recorded will, however, be similar. The data required by central agencies is also likely to be the same from department to department.

While there is no universal methodology for developing a HRIS, the following steps are generally found necessary:

i) Establish a working party to advise senior managers and to research and develop proposals on the system.

ii) Survey existing systems in relevant organisations, locally and internationally, including those that are comercially available.

iii) Review the requirements of the system's users.

iv) Consult all relevant stakeholders and interested parties to establish their needs and problems.

v) Develop project objectives and specific user requirements.

vi) Develop evaluation criteria to determine which information is essential and to determine the scope of the systems required.

vii) Recommend a preferred solution.

Collecting the data for the HRIS takes a number of forms. The organisation's historical personnel records may be held in a manually-maintained system. When a new system is introduced it is usual to conduct a census of staff information such as past work experience, training courses attended, length of time in current position and so on. This is used to confirm and update the historical record. Additional information is collected on an on-going basis. For example, the results of an annual performance appraisal can be added to the existing data.

The actual data entered in a human resource database varies from department to department. In addition to the more usual elements covering pay, employment history and credentials the following data is relevant to human resource management:

- work areas in which the staff member has worked and at what level;

- work experience acquired and some indication of the extent of the experience (e.g. significant if more that 20 per cent of time on an activity, occasional if less than 20 per cent of time spent on an activity);
- date of staff member's last staff rotation;
- core competencies in which the staff member requires further development;
- formal training course attended;
- the staff member's overall performance rating;
- the staff member's rating in terms of promotion;
- the staff member's own career aspirations;
- career path options;
- planned absence from the organisation;
- gender, ethnicity and disability statistics (for EEO monitoring).

Supporting material

(i) *Report of the Working Party on Computerised Personnel Information Systems*, Health Service Personnel Commission, 1988, Wellington

(ii) *Proceedings of the 1992 Public Sector Convention*, New Zealand Society of Accountants, 1992, Wellington

1.8 Managing redundancy

Prior to the mid-1970s redundancy was a relatively minor issue in New Zealand as the country enjoyed high levels of employment. There was very little redundancy or consideration of redundancy pay. Due to the major restructuring that has occurred within the public and private sectors over the past decade it has assumed much more importance.

Redundancy was defined in the 1987 Labour Relations Act as being a situation where:

> "A worker's employment is terminated by the employer, the termination being attributable, wholly or mainly, to the fact that the position filled by that worker is, or will become, superfluous to the needs of the employer.''

Redundancy occurs when:

- there is an acceptable cause or reason for the reduction of the position;
- the reduction is permanent;
- the surplus is of permanent staff;
- the redundancy is the result of termination by the employer.

In New Zealand law there is no general right to compensation for redundancy. The employer has to pay employees redundancy only if there is:

- a redundancy agreement which requires payment;
- a clause in the employment contract setting out redundancy compensation, or a formula for calculating it.

Employees and employers in the private and public sectors are free to negotiate about redundancy compensation at any time. This can be before or after redundancy is actually in prospect.

Employees can challenge their redundancy, if they believe that their employer has acted unjustifiably. If a redundancy is challenged, the Employment Tribunal or Court looks at the case on its merits. In particular, the Tribunal will require answers to the following questions:

- Did the redundancy occur for genuine reasons?

- Were the provisions of the existing employment contract observed (such as provisions for consultation and notice)?

- Were reasonable and fair dismissal procedures followed?

If the Employment Tribunal finds a redundancy to be unjustified it may decide on one of the remedies set out in personal grievance provisions.

The context for change

During the past decade New Zealand has experienced large-scale restructuring. In the private sector removal of regulation and protectionist measures has compelled many businesses to re-organise and shed staff in order to remain efficient and competitive. Similarly, in the public sector redundancies have been an outcome of the restructuring process.

The financial and other pressures facing public sector organisations mean that they must continually look at what is produced and the staff required. In the more turbulent and dynamic conditions facing public sector organisations, redundancy is one of a number of possible means of adjusting an organisation's staff resources to its level of output.

Implementing change

Reform of the public sector and the corporatisation, and subsequent privatisation of some State Owned Enterprises (SOEs) contributed to a large-scale growth in the extent of redundancies from the mid-1980s. The establishment of ten SOEs from April 1987 led to a major wave of employees being made redundant. It is estimated that the establishment of SOEs on a commercial footing resulted in over 25,000 redundancies between April 1986 and June 1989.

The cost of redundancies has been significant. Figures produced in 1990 suggest that the cost of the redundancies created through the corporatisation of state trading departments was at least $800 million. The average pay-out to each redundant worker approached $30,000 but this figure was subject to very wide variation depending on base pay and length of service.

Two points should be noted in relation to the major wave of redundancy mentioned above:

- In many instances employees were made redundant and rehired on a contract basis with their former employer.

- Many of the organisations affected would have had to adjust their staff numbers irrespective of whether corporatisation had taken place.

In government departments facing a surplus staffing situation, redundancy is regarded as the last resort. Whenever possible, redeployment of employees is the preferred option. In order to facilitate co-ordination between departments in relation to surplus staff, a number of agencies share information on vacancies. Vacancy information is also advertised in the official *Public Service Circular.*

For public sector staff made redundant, and for whom redeployment cannot be achieved, a formula exists to determine the amount of redundancy payable. In general, it compares very favourably with redundancy provisions in the private sector.

Most collective and individual contracts of employment in the public service now contain a clause to cover the situation of an employee's position ceasing to exist. If such a situation arises the broad options facing these employee are:

- another reasonable offer of employment in the public service;

- a redundancy payment calculated in accordance with an established formula.

In the public service the formula for redundancy payment is usually based on a month's base salary for every complete year of service. There is also usually a maximum payment, for example, the base salary of one year.

An issue that has been of concern in recent years is that where redundancy arrangements are perceived as particularly generous, this can lead to employees actively seeking redundancy when a restructuring occurs. The perceived generosity and prevalence of redundancy payments has created, in some circumstances, a so-called, "redundancy culture". In times when an employee's subsequent employment opportunities may be limited, a "take the money" approach may not be in the employee's own longer-term interests. Redeployment may appear to be a less attractive option in the short-term, when large-scale lump sums are available.

For this reason, redundancy payments have tended to become less generous in recent years and more in line with provisions in the private sector. Redundancy payments have also become taxable. This is consistent with government policy of bringing public sector employment terms and conditions into broad harmony with the private sector.

Supporting material

Employment –Your Contract – Your Rights, Your Obligations, Industrial Relations Service, 1993, Department of Labour, Wellington