

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Human Resources Committee

Evaluation of the Development of Human Resource Management Programmes

PURPOSE

The purpose of this paper is to inform Members of the findings of an annual evaluation of the development of the Human Resource Management (HRM) programmes included in the Housing Authority's (HA) HRM Plan Update (1998/1999 to 1999/2000).

BACKGROUND

2. The HA's first HRM Plan was developed in 1997 covering the five years from 1997/1998 to 2001/2002 with a view to helping the organization to achieve its mission and strategic objectives through systematic design and implementation of HRM programmes and initiatives to develop a more customer focused and dynamic workforce. With the assistance of an HRM Consultant¹, an HR system evaluation framework was developed for assessing our programme development and applications. The Consultant briefed Members on the system evaluation framework and the evaluation findings by programme areas of the first HRM Plan at the Human Resources Committee (HRC) meeting held on 5 February 1998 (HRC paper no. 6/98).

3. Having regard to the emerging issues and changing circumstances since 1997, the HRM Plan was updated and at the meeting on 7 May 1998, Members endorsed the first update of the HRM Plan (HRM Plan Update) which aims to provide focus for implementation and continuing development of a range

¹ Dr. Iain McCormick of the then Renwick, McCormick & Maule Ltd. was appointed to support the implementation of the HRM Plan and to develop an HR system evaluation framework for assessing the HRM programme applications. Aon Consulting (Hong Kong) Ltd. acquired Renwick, McCormick & Maule Ltd. in September 1998; Dr. McCormick is now the Managing Director of the Company.

of targeted HRM initiatives under six driver programmes² from 1998/1999 to 1999/2000. In accordance with the annual planning and evaluation process, the Consultant conducted again between December 1998 and January 1999 an assessment of the current level of development and applications of these driver programmes based on the system evaluation framework developed in 1997.

EVALUATION OF HRM SYSTEM'S EFFECTIVENESS

4. Evaluation of HRM system's effectiveness can be broadly undertaken at five different levels:

Level 1: the level of *development* of the system, e.g. does the organization have training needs analysis ?

Level 2: the level of *implementation* of the system, e.g. is training implemented in the whole organization ?

Level 3: the degree of *satisfaction of individuals* with the system, e.g. do employees feel that training is helpful ?

Level 4: the degree of *satisfaction of managers* with the HRM systems e.g. does training help the managers to improve efficiency ?

Level 5: the degree to which the HRM system *helps the organization achieve its business goals* e.g. does the senior management feel that the training programmes have assisted the organization to improve overall productivity ?

Given that the HA HRM Plan has only been in place for about 18 months and new initiatives under the programmes areas for the HRM Plan Update have only started to be developed and launched some 10 months since 1997, the current evaluation exercise has mainly focused on the first and second levels of evaluation on system development and implementation. Nevertheless, the

² The six driver programmes of the HRM Plan Update are Strategic HRM Planning; Change Management and Leadership for Change; Core Competency Development; Performance Management; Strategic Training and Staff Communication.

opportunity is also taken to conduct preliminary assessment of beyond level 2 evaluation through document reviews, interviews with senior directorate and some line managers (see paragraph 5 below). Comprehensive information on higher level of effectiveness will only be made available through initiative-specific reviews and/or staff surveys to be conducted in one to two years' time, where they are applicable, when the results and impact of these initiatives are more embedded.

THE HRM SYSTEM EVALUATION FRAMEWORK

5. The HRM system evaluation framework consists of four levels of assessment viz. basic, intermediate, competent and advanced, against a number of pre-defined dimensions for each driver programme and initiative under the HRM Plan Update. Evaluation is based on the level of programme development over time, covering the situation as at November 1997 and the latest development as at November 1998. The Consultant then made assessments based on document reviews and interviews with the owners of the driver programmes. He also conducted interviews with the major stakeholders including some members of the senior directorate, the Business Branches' Chief Executive Officers and some line managers in order to get feedback from the line departments' and customers' perspective on the level of development and applications of the HRM programmes. The Consultant's findings on our HRM programme development are highlighted in paragraphs 6 to 24 below.

EVALUATION FINDINGS

Overall Assessment

6. Overall, we have made considerable progress in our HRM programme development, the focus of which is considered in alignment with the strategic objectives of the organization. Through systematic implementation of HRM initiatives under the six driver programmes, there is growing awareness and perceived importance from the management and managers about HRM and its ability to help address critical business issues. HRM is increasingly being seen as one of the key drivers of our core businesses. The results of the assessment have indicated that overall system development is at a competent level, implementation is progressing according to schedule, and users' satisfaction is generally high. The Consultant has also pointed out a few areas that need further

development and attention, which will be dealt with under paragraphs 26, 27 and 29. The executive summary of the Consultant's report is at the **Appendix**.

Highlights of Assessment of Individual Programme Areas

7. Some of the programmes/initiatives considered by the Consultant as progressing well are highlighted below:-

I. Strategic HRM Planning

8. Through its driver programmes and related initiatives, the **HRM Plan Update** is assessed to be a very useful document in enhancing management processes that facilitate organizational development, business and result orientation, customer focus, leadership for change capability and team work competencies.

9. The implementation of a **manpower strategy** with emphasis on the wider employment of HA contract staff from recruitment ranks of all grades has increased flexibility in the employment and deployment of staff to support the organization to respond to the new challenges and changes.

10. The strengthening of **grade management** functions and structure is an important step forward towards better people management and is well received by both staff and management.

11. In general, the **staff incentives and recognition schemes** are reported to be well received by staff. These initiatives have contributed significantly to the intended objectives of improving individual and organizational performance and supporting a culture of quality and continuous improvement.

II. Change Management and Leadership for Culture Change

12. The *framework for leadership for change* and its associated initiatives promote management practices and staff behaviours appropriate to the new service culture. *Core value initiatives* have stressed the importance of communication for common understanding, reinforced staff buy-in of the desired behaviour, and promoted team building for synergy. *Customer service initiatives* and training support have started to develop in staff a culture of continuous service improvement.

13. Through the implementation of a host of relevant programmes and initiatives, there is now greater common understanding and shared perspectives of change among the senior management, and understanding of the importance of customer service has started to be felt among junior staff. Some junior supervisory staff have taken initiative to demonstrate leadership quality and commitment to core values through customer service improvement projects.

14. The evaluation study has indicated that *change management and leadership programmes* currently being undertaken are useful and they are key elements in support of corporate and business plans and culture change.

III. Core Competency Development

15. HA is considered to have made excellent progress in the *development of competencies* with the competency profiles being developed for departmental directorate officers, Housing Manager Grade, professional grades, site supervisory grades and junior grades in the Housing Class. There has been greater use of the competency profiles for recruitment and selection; training and development; and performance management. A validation study undertaken has demonstrated that the Housing Officer recruits have characteristics matching the required competencies for the Grade.

16. HA has introduced competency-based assessment for a new staff appraisal system i.e. the *Performance Management and Development System (PMDS)* for departmental directorate officers since April 1998. The “*Guide to Competency-Based Development*” produced has helped staff understand the development process for performance enhancement and self-development.

17. The managers interviewed in the evaluation study have in general considered that the core competency framework is useful as it relates directly to work issues in a practical manner. The satisfaction of staff with competencies development and applications is assessed to be moderately high. Some simplification and priority setting of the competencies is recommended to enable better focus on the more important dimensions.

IV. Performance Management

18. As indicated in the preceding paragraphs, ***PMDS*** has been launched for departmental directorate officers since April 1998. It is considered an important tool to enhance the performance appraisal process by focusing on linking the individual's performance to HA's strategic objectives and business plans.

19. Whilst a review of the PMDS will be conducted in April 1999 when the current reporting cycle ends, initial feedback collected in this evaluation exercise has suggested that the system is well regarded by the users and a major improvement to the former system. Some officers have expressed difficulty in developing measurable work targets for eventual assessment of performance and this should be further improved by additional training.

V. Strategic Training

20. A ***departmental training plan*** has been developed based on training needs and priority of respective Branches. ***Training programmes*** have been developed jointly with and for individual Branches to support their business changes and roll-out programmes. Training programmes such as business planning, performance assessment, team building, customer service and project management have been provided to suit business needs and cross branch requirements. Moreover, more resources and opportunities have been extended to the ***training of junior grades*** to help them focus on preparing themselves for change. To facilitate self-directed learning for performance enhancement and career development, training and development (T&D) systems have been improved which include the launching of a ***pilot intranet T&D system*** and the planning of a learning resource centre.

21. In the light of the development of the above programmes and feedback collected in the evaluation exercise, the current training programmes are assessed to be very effective as they are tailored to the business needs of Branches, and making contributions to the development of staff. Users' satisfaction is generally high. Many programmes are highly regarded by the users as they have helped them improve their personal effectiveness.

VI. Staff Communication

22. An action plan to improve *staff communication* was developed in 1998 with focus on enhancing communication channels between the top management and staff particularly those in outstation offices; developing regular staff feedback process; and including in major change proposals an assessment of staff reactions. These initiatives have proven to be very helpful in fostering staff communication in the organization.

23. *Two-way communication* has been strengthened through directorate's regular visits to the outstation offices; briefings, seminars, focus groups and open forums on topics of mutual concern; established staff consultation machinery; regular meetings with staff unions; and grade management and staff relations' goodwill visits. Monthly reports on staff views and feedback received by the Grade Management Secretariat and Staff Relations Section are compiled for the information of the senior directorate. The *role of line managers* as communicators is promoted through training programmes with the purpose of reminding them of responsibility in communication with their staff.

24. The evaluation study has indicated that the current communication programmes are useful and users' satisfaction is moderately high. The communication programmes are seen as practical and dealing with important issues. The findings of the evaluation have suggested that the current communication programmes should be further expanded when major organizational change is to take place. For a large organization such as HA, staff communication is never considered adequate.

25. We are also pleased with the Consultant's observation that HA has one of the better developed HRM systems compared to other Government departments, with particular strengths in:-

- HRM strategic planning;
- Core and functional competencies development; and
- HRM systems evaluation.

AREAS FOR FURTHER DEVELOPMENT

26. At the time of the evaluation study, the issue of corporatisation had aroused grave concern for staff as they are waiting eagerly for the outcome of the corporatisation study. We can understand that they are concerned about job security, management's commitment to them and their ties with HA. Depending on the outcome of the corporatisation study, the Consultant has recommended that more focus and resources be directed at the HRM aspects and related projects of the corporatisation process. Some areas recommended for further development include flexible conditions of employment for contract staff, more refinement of training, training in cost control, efficiency improvement, personal coping skills and change management.

27. With regard to the development of existing HRM programmes, more corporate and branch-specific HRM related issues could be identified and addressed in the Branch business plans for integration with and further updating of the strategic HRM Plan. Further refinement of training could also be undertaken for performance management. More support and facilitation for Business Branches on HRM initiatives are also recommended to help them in business development and meeting business objectives.

MONITORING AND EVALUATION OF HRM PROGRAMMES

28. We are committed to an objective and independent monitoring of our HRM system development. In addition to the appointment of an HRM Consultant to conduct assessment of the current programme applications, more information on higher level of effectiveness will be made available through initiative-specific reviews and/or staff surveys as mentioned in paragraph 4 above.

29. It has been pointed out to us that the short-term impact of the outcome of corporatisation study on the sentiments of staff may be significant. This may lead to low satisfaction levels among internal customers of HRM although this reaction may have little to do with how well the HRM programmes

and initiatives are implemented. Accordingly, staff sentiments and likely reactions to the corporatisation study, which will influence the staff satisfaction level at the prevailing time, will be borne in mind in launching subsequent HRM reviews and surveys, and in interpretation of their findings. Staff communication will be stepped up when the corporatisation study report is announced to staff.

THE NEXT STEP

30. We will continue with the good progress as outlined in the Consultant's assessment, and follow-up on those areas suggested for improvements as summarised in paragraphs 26 and 27, by incorporating new initiatives, and reporting further progress in the six-monthly reports and further update of the HRM Plan.

INFORMATION

31. This paper is issued for Members' information.

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