

THE HONG KONG HOUSING AUTHORITY

Memorandum for the Human Resources Committee

Human Resources Issues Arising from Greater Private Sector Involvement in Estate Management and Maintenance Services

PURPOSE

The purpose of this paper is to identify the human resources (HR) issues arising from the Housing Authority's (HA) decision on greater private sector involvement (PSI) in estate management and maintenance (EMM) services so as to provide focus for gearing resources for the furtherance of PSI direction.

BACKGROUND

2. At the meeting on 6 May 1999, the HA decided, as the broad direction, to adopt the phased service transfer (PST) approach for transferring EMM services to the private sector. With HA's endorsement, a Task Force has been set up to formulate the implementation strategy for PST and to consider the viability of any management buy-out (MBO) proposals and the Sixth Option¹ tendered by the Alliance of Housing Department Staff Unions² (the Alliance) etc. To support the Task Force, the Department has set up a Working Group on PSI and four Sub-groups³. Concurrently, a consultant has been commissioned to

¹ The Consultant had explored five options for greater PSI (subsidiary company, joint venture, private company, management buy-out and phased service transfer). The Alliance (see note 2) put forward a sixth option which basically emphasised staff's self-strengthening and to have a fair competition with the private sector over a two-year trial period.

² The 30 staff associations in the Housing Department have joined together to form the Alliance of Housing Department Staff Unions.

³ The four Sub-groups of the Working Group on PSI are Sub-group on Service Transfer and Monitoring; Sub-group on Staff Incentive and Transfer; Sub-group on Management Buy-out and Sub-group on the Development of a Competitive In-house Management Model for Estate Management and Maintenance (i.e. the Sixth Option).

examine ways of establishing cost-effectiveness and streamlining Housing Department's (HD) organisational structure.

3. Against the above background and in the face of rapid changes, we see the need to revisit and review our existing HR programmes to ensure that they match and catch up with the changing service requirements and business needs and help align staff to the PSI direction. To this end, this paper aims to identify the relevant HR issues which need to be addressed along the following five dimensions:

- (a) Alignment of staff to new direction;
- (b) Manpower planning;
- (c) Increasing transparency and enhancing staff communication;
- (d) Leadership development; and
- (e) Staff training.

ALIGNMENT OF STAFF TO NEW DIRECTION

4. There has been a general decline in staff morale since HA's endorsement of the broad direction of increasing PSI. The current state of affairs is such that staff are sceptical about reforms in general and PSI in particular as they perceive these moves as eroding their job security and hence causing them serious pecuniary difficulties. Scepticism over PSI is also apparent, as manifested and reinforced by the prevalence of rumours and misrepresentation of information on PSI and related issues.

5. To allay staff's worries and uncertainties, the primary task of management is to bring to staff the correct message on the need for change and gain staff's buy-in of the PSI approach. Through increasing transparency in information dissemination and enhancing staff communication, and continuous review of staff feedback and concerns (paragraphs 9 to 11 below), we strive to re-establish trust and goodwill between management and staff which is fundamental to developing mutual understanding, common objectives and a shared vision for change. This will be done through nurturing a reform culture through leadership development and staff training (paragraphs 12 to 19 below)

with a view to developing a more dynamic, flexible and value-adding workforce which is customer-focused and result-based.

MANPOWER PLANNING

6. In the light of proposed phased transfer of EMM services to the private sector, we should have in place a flexible workforce in HA in order to contain growth and staff costs. At the strategic level, we require a flexible manpower strategy and a dynamic workforce to support the impending structural reforms and respond promptly to changes in service requirements and business portfolios arising from the PSI. At the operational level, we should facilitate manpower planning by determining the number, ranks and profiles of staff to be affected by phases, and accordingly draw up plans for accommodating or phasing-out the staff being affected.

7. On the development of a flexible manpower strategy, the policy of wider employment of HA contract staff has been rolled out at the recruitment ranks of all grades in the Department since November 1998⁴. The policy and the implementation arrangements will be reviewed by end-1999. Moreover, in the context of manpower planning at the operational level, we have instituted a temporary recruitment freeze since June 1999 until such time the findings of the HA Task Force on PSI and the consultancy study on streamlining the organisation structure are known. Manpower requirements in the interim are being met by internal redeployment and where need be, employment of temporary staff. We have also stepped up efforts to explore and exhaust all possible redeployment opportunities and conduct job-matching both within and outside the organisation in order to open maximum avenues for staff who wish to stay put.

8. We also see the need to formulate staff transfer options under the PSI programme with a view to providing our staff with more job openings in the private sector, for example, joining the private management agencies (PMAs) or forming companies under the MBO option.

⁴ Wider employment of HA contract staff starting from the recruitment ranks of all grades was one of the initiatives of HA manpower strategy endorsed by HRC at its meeting held on 30 July 1998. The Department will review the arrangement in one year after its implementation. HRC Paper No. 33/98 refers.

INCREASING TRANSPARENCY AND ENHANCING STAFF COMMUNICATION

9. To reduce staff' scepticism, we have to re-establish mutual trust and identify common grounds and objectives, and align staff to a shared perspective for change. The success of this goal hinges on more transparent reporting on progress of PSI and effective staff communication. Two-way communication and transparency in information sharing are instrumental in producing an environment for discussing and exploring change. Through better communication of PSI direction, clear understanding of staff concerns and improved staff relations, we hope to be able to form a united front with staff in meeting the changes and challenges ahead. We aim to increase transparency and strengthen staff communication through:

- top-down cascading of information e.g. the Chairman and Members of the HA Task Force to meet directorate staff and representatives of the Alliance on a regular basis, directorate officers to cascade information to their seniors who in turn convey the message to staff of the next layer and so on, all the way down to the frontline staff;
- disseminating information horizontally, e.g. Directorate visits to outstations or at suitable intervals of in-house training sessions, focus group meetings by the Grade Management Secretariat and the Staff Relations Section;
- stepping up dialogue not only with the Alliance but also individual staff associations and Departmental Staff Consultative Committees;
- providing consistency and clarity of information through written communication e.g. PSI Update, Dear colleague letter and other in-house publications such as Message from Director;
- widening communication channels through, e.g. Hotline service, information gatherings with staff, more use of posters/simple diagrams to enhance readability and comprehension of important messages; and
- responding promptly to inaccurate media reporting and arranging more informal gatherings with the media to get the right messages across.

10. The above apart, up-keeping of staff morale and motivation can also be achieved through counselling to allay staff's fear of uncertainties and to

diffuse possible demoralising effect engendered by the feeling of staying in a dwindling department.

11. We recognise the importance of staff participation and involvement and will step up staff's participation in the PSI process. To this end, the Task Force is meeting the Alliance on a regular basis to exchange views and communicate staff's concerns. The Alliance is also represented on the Sub-group on the Management Buy-out and the Sub-group on the Development of a Competitive In-house Management Model for Estate Management and Maintenance (i.e. the Sixth Option). The Convener of the Alliance has also been nominated as vice-chairman of these Sub-groups. Moreover, a consultative committee comprising representatives from HD management side, HD staff side and the Civil Service Bureau will be set up to solicit staff's views on the staffing arrangements arising from PSI implementation. The Alliance will be invited to represent the staff side to sit in this consultative committee set up for the purpose.

LEADERSHIP DEVELOPMENT

12. Greater PSI direction requires HA to focus on core competence and critical success factors, and bring up a new breed of leaders, who are flexible in approaches, resilient to adversaries, willing to take charge, try new grounds and take risks, and adopt a result-based business and service perspective. Accordingly, it is essential to focus on development of critical competencies and management behaviours to tie in with the PSI direction and promote them across the organisation.

13. Managers are facing mid-career concerns and morale issues both for themselves and their staff. Many may be uncomfortable with challenges to their traditional approaches and find yesteryear skills inadequate for tomorrow's fluid and dynamic operations. A re-vitalisation programme for managers would be put in place for them to explore ways of self-renewal, team alignment and to better serve the customers.

14. At the moment, the majority of staff may not be confident in the PMA or MBO options. Having worked in the Government for years, they consider themselves lacking the entrepreneurial skills to join PMA or setting up their own business. Leadership development will target at enriching knowledge on private sector practices, developing business/finance sense and promoting innovation and entrepreneurial spirit.

15. To support leadership development for change management, change sponsorship projects and awards will be established to promote innovation and quality service focus.

STAFF TRAINING

16. In times of low staff morale, discomfort with change and uncertainty over future direction, staff training is as important as staff communication and incentives. Staff training will include a range of programmes to align staff to PSI direction, to make paradigm shift for the 'facilitator' role, to take ownership of self-renewal, and to enhance versatility and adaptability to change.

17. An enhancement training strategy is being developed to strengthen staff's skills for higher competitiveness, raise their competencies for changes in job roles and service requirements, and facilitate re-deployment of surplus staff arising from PSI. The training needs of staff will be fluid and will be up-dated in the light of the PSI implementation progress.

18. There will be special training programmes for staff working under the PMA and MBO options with emphasis on preparing them to acquire practical skills and competencies required in the new job roles including the provision of training up to trade test level, if appropriate, but the emphasis will not be on gaining qualification as this may not be the main concern of the private sector in taking up employees. Special training programmes to prepare staff for new job knowledge and skills will also be designed based on training needs identified by the working groups on PSI and will be implemented in steps with the roll-out of the PSI programmes. Particularly, learning from private sector experience and the pioneers of PSI will be important features of PSI related training.

19. The handling of staff concerns requires capability in the key staff management teams which will include conducting focus groups, staff counselling, career consulting, handling staff conflicts and stress, and leading change management initiatives. Special seminars and briefing sessions will be organised to enable the key staff management teams to share experience and handle issues of common interest.

THE WAY FORWARD

20. At present, the HA Task Force and its supportive working group and sub-groups are in full swing and the Task Force is expected to report its findings and recommendations to HA by end-1999. We will keep in view the progress of work and deliberations of the Task Force to ensure that any emerging directives vis-à-vis implications on our HRM can be timely addressed and HR issues/initiatives outlined above suitably refined to support the PSI direction and progress.

21. The new HR initiatives and programmes identified to help both staff and management to cope with the HR challenges arising from PSI will be included in the next version of the HRM Plan to be submitted to the HRC for endorsement in the first quarter of 2000⁵. Planning work for the new HRM Plan has already commenced. Apart from including new HR initiatives relating to PSI issues, the next version of HRM Plan will also cover new HR initiatives and programmes to tie in with the Civil Service Reform and the Enhanced Productivity Programme. It will also link closely with HA's corporate and business plans.

INFORMATION

22. This paper is issued for Members' information.

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⁵ Members were informed at the HRC meeting held on 14 May 1999 that the current version of HRM Plan will be updated to reflect the changing external and internal environment. HRC Paper No. 20/99 refers.