I hereby declare that the work herein, now submitted as a thesis for the degree of Doctor of Business Administration of the Northern Territory University, is the result of my own investigations, and all references to ideas and work of other researchers have been specifically acknowledged. I hereby certify that the work embodied in this thesis has not already been accepted in substance for any degree, and is not being currently submitted in candidature for any other degree.

Gillian Kay ........................................
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CHAPTER 1

DEFINING THE PROBLEM
CHAPTER 1
DEFINING THE PROBLEM

This thesis details Action Research conducted in a host organisation\(^1\) to investigate the contribution that Human Resource Management (HRM) makes to organisations and its relationship to executive decision making.

An historical view of HRM literature indicates that HRM practices are a reflection of the social and economic context of a country. There is a suggestion by some practitioners that the strategic focus of HR managers should be to maintain organisational flexibility, predict the changes and achieve a best fit of people to the organisation. However, there is a considerable amount of literature, written in the past three years, that is clear and consistent in its theme; the expectations of the HRM function are increasing, more particularly in visionary organisations that are actively seeking the competitive edge in the market place. It is unclear from the literature whether the increased demands provided the opportunity for the technology to develop or whether, in fact, the technology enabled the demands that led to the elevation of the HR role in some organisations. Regardless, there appears to be a clear belief that technology is becoming an essential enabling tool for HR managers to assist their organisations in transforming human and technology capability into business results.

\(^1\) The Department of Corporate and Information Services; a Government department within the Northern Territory Public Service hosted the research with a view to addressing the Department’s management dilemma regarding the human resource management information system.
During the early 1940's Australia was engaged in World War II. The major problems were enlisting and improving the ability of inexperienced workers, particularly women, who had not previously been involved in manufacturing activities. Personnel management at that time focused on the physical working conditions, counselling, personnel records, recruitment, induction and training.

It was during the 1950's that the personnel management function began to be a specialist management activity with a basic philosophy of reducing inefficiencies (Dunphy, 1987).

The growth in the 1960's and the early 1970's and then again in the late 1970's and early 1980's witnessed the demise of the mineral boom and a decline in manufacturing. Subsequent changes in the composition of the workforce included increases in the number of professional, technical, office and service workers and decreases in the numbers of trades persons, process workers and labourers (Schuler, Dowling, Smart, Huber, 1992). By the late 1980's the inflation rate in Australia was high and productivity rates were lower than many comparable countries.

By 1992 the term 'human resource management' had begun to emerge in recognition of the importance of the workforce to the achievement of the organisation’s and society’s goals.

Some organisations, in their efforts to survive, focused on HRM to boost their chances of success. These organisations gave a greater recognition that specific competencies are obtained through highly developed employee skills. (Greer, 1995).
There has been a continued focus on strategic HRM as organisations have downsized and implemented programs to ensure quality, i.e., Total Quality Management, Continuous Improvement and so on. The HRM function in organisations has also had a tendency to contract during this period and has seen the introduction of various forms of decentralisation. As a consequence, HRM practitioners are increasingly called upon to act as change managers developing programs to assist their organisation and its employees to adapt to the impact of changing economic conditions.

The discussion about the HRM role in modern enterprises acknowledges that it has undergone significant changes in recent times. Niehaus and Swiercz discusses the Human Research Institute paper “The HR Revolution Heats Up,” by Jamrog, Groe, and Pyle, (1997). The study found that the changes in the HR function have been more evolutionary than revolutionary. They predict factors, such as a radically different workforce, globalisation of business, and rapid advances in information technology, will bring about dramatic changes to the work HRM professionals do, the skills required, the way it's structured; and the ways in which HRM's performance is measured and rewarded. (Niehaus & Swiercz, 1997).

Clark in the second edition of his book 'Human Resource Management – Framework and Practices' argues that HRM and the management of personnel are not the same thing. Personnel management occurs at the first line management level of organisations, that is those whose responsibilities include the organisation, direction and control of subordinates. He contends,

“HRM is concerned with the formal relationship between the employer and the employee, and with techniques and methods aimed at making that
relationship more effective .... Human resource managers are staff managers. They make decision about policies, practices and procedures." (Clarke, 1992, p 4).

Greenlaw and Biggs further consider that personnel management is predicted to become less and less the provision of a simple human relations approach to the people problems. But, increasingly, it is being recognised as an interrelated decision-making process marrying the management of staff to organisational objectives. (Greenlaw & Biggs, 1979).

There also is a differing view as to whether there is a greater organisational benefit in centralised or decentralised HRM functions. Woodward describes the centralisation experience of the Department of Defence Education Activity (USA) as successfully focussing on the administrative performance of the Activity. Although the improvement was considered to have been substantial, the desired results occurred neither automatically nor quickly. Woodward purports that this in itself may be the most important lesson gained from DoDEA’s experience: while organisational trends of centralisation tend to acquire periodic ascendancy as the ‘one best way’ to organise; the tendency is simplistic and misleading. (Woodward, 1997).

In alignment with Clarke’s view the British experience relates the trend for line management to take responsibility for HRM initiatives and practices. (Poole & Jenkins, 1997). Further, they quote Lowe’s observations that the role of line management is no longer restricted to monitoring and organising production, but achieving the HRM goals of commitment, flexibility and ultimately the profitability of subordinates, (Poole & Jenkins, 1997). The authors discuss the extent to which HR managers or line managers perform the role and conclude that British line
managers have had, and continue to have, the main responsibility for many human resource management practices.

Academics and managers alike have discussed the difference between personnel management and human resource management. Many have concluded that there is, in fact, little difference. Guest posits that a number of personnel departments have become human resource management departments without any change of function. Others contend that human resource management is simply a perspective of personnel management and represents no real practical difference in the work place (Guest, 1987).

Legge contends that the studies and data indicate personnel management styles are associated with the size, structure, strategy, markets, ethos and ownership of organisations. However,

"The evidence is fragmentary rather than complete, suggestive rather than conclusive, so an element of speculation remains.' (Legge, 1995, p50).

The style that is adopted appears to point to the degree of company diversification and product market strategy.

"Personnel is seen as an essentially operational responsibility unconnected with strategic management. It is primarily a gatekeeper function: the act of divorcing trade unions from strategic management considerations is undertaken at the cost of personnel itself being excluded from, or seen as having little contribution to make to, strategic management." (Marginson, Edward, Martin, Purcell & Sisson, 1988, p76).

Underpinning personnel management are the notions that people are entitled to proper treatment while a work and they are only effective as employees when their job related personal needs are met. (Legge, 1995a). Whilst HRM is underpinned by the notion that it is like other general management responsibilities, and getting the
correct deployment of people and skills is more important than interfering with people's personal affairs. (Legge, 1995b).

Torrington & Hall see human resource management as:

"directed mainly at management needs for human resources (not necessarily employees) to be provided and deployed. There is a greater emphasis on planning, monitoring and control, rather than on problem solving and mediation. It is totally identified with management interests, being a general management activity and is relatively distant from the workplace as a whole." (Legge, 1995, p65).

The HRM discourse indicates that the discipline is about achieving better organisation performance and results through general management activity focusing on increased commitment, skills and attitudes. Research indicates that within this there is a 'hard' approach, reflecting utilitarian instrumentalism and a soft approach reflecting a developmental humanism. (Legge, 1995c).

An examination of the differences by Legge (1995d) emphasises 3 main differences:

<table>
<thead>
<tr>
<th>Personnel Management</th>
<th>Human Resource Management</th>
</tr>
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<tbody>
<tr>
<td>A management activity that is largely aimed at non managers</td>
<td>Emphasis the importance of development and particularly focuses on the management team</td>
</tr>
<tr>
<td>The view that all managers manage people therefore they do personnel management</td>
<td>Focus on business managers managing all resources in pursuit of the bottom line.</td>
</tr>
<tr>
<td>The normative personnel management models do not present personnel polices as senior management's instrument to change values to align with corporate strategies.</td>
<td>HRM models emphasise the management of the culture as the central activity for senior management.</td>
</tr>
</tbody>
</table>

Storey’s assessment of personnel, industrial relations and HRM highlights the functional differences found in organisations and provides a differential view of the approach to roles and functions within the range of responsibilities.
Table 1: Storey’s 27 points of difference between personnel management and human resource management (Dessler, Griffiths, Lloyd-Walker & Williams 1999, p.15).

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Personnel and Industrial Relations</th>
<th>HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beliefs &amp; Assumptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Contract</td>
<td>* Careful delineation of written contracts</td>
<td>Aim to go beyond contract</td>
</tr>
<tr>
<td>2. Rules</td>
<td>Importance of devising clear rules/mutuality</td>
<td>* ‘Can do’ outlook, impatience with ‘rule’</td>
</tr>
<tr>
<td>4. Behaviour referent</td>
<td>* Norms/customs &amp; practice</td>
<td>Values/mission</td>
</tr>
<tr>
<td>5. Managerial task vis a vis labour</td>
<td>* Monitoring</td>
<td>Nurturing</td>
</tr>
<tr>
<td>6. Nature of relations</td>
<td>*Pluralist</td>
<td>Unitarist</td>
</tr>
<tr>
<td>7. Conflict</td>
<td>Institutionalised</td>
<td>De emphasised</td>
</tr>
<tr>
<td>Strategic Aspects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Key relations</td>
<td>Labour – management</td>
<td>* Customer</td>
</tr>
<tr>
<td>9. Initiatives</td>
<td>*Piecemeal</td>
<td>Integrated</td>
</tr>
<tr>
<td>10. Corporate Plan</td>
<td>*Marginal</td>
<td>Central</td>
</tr>
<tr>
<td>11. Speed of decision</td>
<td>* Slow</td>
<td>Fast</td>
</tr>
<tr>
<td>Line management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Management role</td>
<td>*Transactional</td>
<td>Transformation leadership</td>
</tr>
<tr>
<td>13. Key managers</td>
<td>*Personnel/industrial relations specialists</td>
<td>General/business/line managers</td>
</tr>
<tr>
<td>14. Communication</td>
<td>*Indirect</td>
<td>Direct</td>
</tr>
<tr>
<td>15. Standardisation</td>
<td>High (e.g. parity an issue)</td>
<td>Low (e.g. parity not seen as relevant)</td>
</tr>
<tr>
<td>16. Prized management skills</td>
<td>Negotiation</td>
<td>Facilitation</td>
</tr>
<tr>
<td>Key Levers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Selection</td>
<td>*Separate, marginal tasks</td>
<td>Integrated, key tasks</td>
</tr>
<tr>
<td>18. Pay</td>
<td>*Job evaluation (fixed tasks)</td>
<td>Performance related</td>
</tr>
<tr>
<td>19. Conditions</td>
<td>Separately negotiated</td>
<td>Harmonisation</td>
</tr>
<tr>
<td>20. Labour management</td>
<td>*Collective</td>
<td>Towards individual contracts</td>
</tr>
<tr>
<td>21. Thrust of relations with stewards</td>
<td>Regularised through facilities and training</td>
<td>*Marginalised (with exception of some bargaining for change models)</td>
</tr>
<tr>
<td>22. Job categories and grades</td>
<td>* Many</td>
<td>Few</td>
</tr>
<tr>
<td>23. Communication</td>
<td>*Restricted flow</td>
<td>Increased flow</td>
</tr>
<tr>
<td>24. Job design</td>
<td>Division of labour</td>
<td>Teamwork</td>
</tr>
<tr>
<td>25. Conflict handling</td>
<td>Reach temporary truces</td>
<td>Manage climate and culture</td>
</tr>
<tr>
<td>26. Training and development</td>
<td>*Controlled access to courses</td>
<td>Learning companies</td>
</tr>
<tr>
<td>27. Focuses of attention for interventions</td>
<td>Personnel procedures</td>
<td>Wide ranging cultural, structural and personnel strategies</td>
</tr>
</tbody>
</table>

Strategic human resource management has emerged as a third element of workforce management in contemporary literature:
Strategic Human Resource Management is defined as

"the linking of HRM with strategic goals and objectives in order to improve business performance and develop organisational cultures that foster innovation and flexibility". (Truss and Gratton, 1994, p 663).

Whereas personnel management focuses on employing the right person for the job and HRM focuses on sourcing the right skill sets for the job (insourced or outsourced), strategic human resource management has introduced the notion of managing and developing, not only the people, but also the culture to maintain the fit of people and organisation goals and directions.

The majority of reviewed literature indicates that changes to the HRM role have occurred in accordance with social and economic changes. But as we move into the 21\textsuperscript{st} century what is expected of and by HRM practitioners? In Leonard's view:

"I think most CEO's have come to the conclusion that most companies have the same access to capital and equipment and that the only distinguishing factor is the people who work for your company' ......'it's the market conditions and the opportunity to differentiate our company through its people that have driven the change of HR strategic focus. I think that we in HR have been handed an opportunity to provide leadership and guide the company through the new expectations and challenges we face. HR has the chance to move to the forefront, and we need to seize those challenges.'" (Leonard, 1998 p92).

Seven [American] human resource executives in a variety of industries, company sizes and locations were interviewed about what they expected from their CEO's. Despite their different circumstances, all agreed that their HR role has significantly changed in recent years. Kevin Berchelman, vice president of human resources from
GSE Lining Technology Inc. says that when he provided concrete evidence of the HR department's contributions, attitudes within his company began changing. HR's new strategic role has given HR executives unprecedented access to the CEO's office. (Leonard, 1998).

"In general terms the literature agrees that planning, both at the strategic and operational levels, has a much greater focus in the modern enterprise. While there are a variety of process methodologies and models for going about it the type and nature of planning depends very much on the context of the organisation. Referring to change and the need for flexibility a British executive is quoted to have said "We're preparing the organisation to implement the plan. This is closer to tracking through a jungle than to a rational debate weighing ends, means and costs. There is little detailed HR planning except for management succession planning and planning for strategically important groups such as research scientists, high potentials and senior managers". 'Plans for people in a broad sense do exist, and there are plans for business. The most important thing and difficult task for HR is to make both the people and the business flexible enough to fit them together." (Tyson 1995, p85).

Clarke is also of the view the HR focus has changed. The change has been away from human relations and towards concepts of human resources. In this concept, staff are regarded as an element of corporate costs. Management is concerned with their effective utilisation and return on investment. Many Australian organisations have a more hard headed approach to HRM. The (HR departments) success tends to be measured in terms of the ability to supply a trained work-force and retain it within the company's financial management constraints ensuring the workplace relations agreement between the employer and the employee is not breached.

Contemporary literature's view of strategic HRM in global companies considers the preservation and development of intellectual capital as being the prime strategic component for achieving competitive advantage. Where policies in the 80's reflected downsizing and buying in consultancies there was a shift in the 90's to
integrating information enabling human creativity to boost the value of intellectual capital. Consequently the current strategies most able to add value to the business are recruitment (selecting the right people), performance management (developing knowledge, skills, experience through a range of learning opportunities), nurturing the corporate culture (maximising organisational outcomes by creating opportunities to apply knowledge, skills and experience).

Grensing-Pophal quoting Becker notes:

“in the past, HR was largely transactional. The business environment has changed and altered HR’s role along with it. Compared to earlier periods in our economic history, intellectual capital for the first time, has a great deal of value.” (Grensing-Pophal, 1999, p90).

In the wider context Tapsell contends that:

“In the next millennium, less people will do physical work and more people will do brain work. This is intellectual capital (IC). It does not appear on the company balance sheet but it has more value for organisations than physical assets.” (Tapsell, 1998, p38).

How you manage it is the key to future success. Swedish financial services giant Skandia AFS was the first documented firm to account for its IC, which is outlined in a supplement to its 1994 annual report. They said that it was a way of describing the otherwise intangible assets of the organisation. Skandia believed that IC is made up of human capital, structural capital and customer capital. (Tapsell, 1998).

Agor includes Pinchot & Pinchot’s views in his paper about intellectual capital:

“These trends present an interesting paradox. The intellectual capital most often prized in the past in the public sector (ie useful for linear, incremental, satisfying decision making; stable management structures and processes) that might be called “thinking inside the box,” is the type of capital we tend to now know more about measuring and using. The intellectual capital that is becoming more of a premium in the management market place (eg useful for non linear; crisis decision making; temporary and adaptive management
structures and processes) that might be called “thinking outside the box” is the type we know the least about measuring and using.” (Agor, 1997, p77).

The task, commonly referred to as knowledge management, of quickly capturing and exchanging corporate knowledge i.e. human knowledge and corporate information, appears to be an emerging subject in business journals over the past five years. Software specialists suggest that the achievability of knowledge management will be fully realised and enabled by technology. Competitive advantage appears to be the business driver for achieving effective knowledge management. There is reasonable argument that the ability to convert human knowledge into organisational knowledge provides the competitive advantage that many organisations are beginning to seek. A survey of 100 leading British companies with knowledge management initiatives found that a business relationship with a key client or supplier had been damaged because of a lack of knowledge transfer. Knowledge management establishes human and technological networks capable of harnessing a company’s expertise and experience. An organisation that can recall and utilise its business intelligence (wisdom and knowledge) gives it a competitive edge in the market place. (Greengard, 1998).

What does this collectively mean for the workplace and the possible role of HR?

Wurzburg contends:

“The difficulty of defining the knowledge economy at the end of the 20th century is akin to the task of describing the industrial revolution two centuries ago. It is difficult to describe objectively because there are no obvious frames of reference. ‘Knowledge’ is nothing new; it is the sine qua non of technical change and technological progress. Nor is the economic value of knowledge anything new; it is embodied in a more or less implicit way in everything from machinery to literature, from language to secrets. The emergence of the knowledge economy is bound to be contentious, because
changes in the value of knowledge have potentially enormous implications for what constitutes wealth, and therefore, who owns and controls it.” (Wurzburg, 1998, p32).

Regardless of the existing HRM focus in organisations there is a growing recognition “by CEO’s in all industries that corporate performance isn’t just about savvy marketing, sound financial planning, up to date technology and efficient operations. CEO’s now are more ready than ever to hear about the value that HR can add to the bottom line” (Caudron 1997, p62).

A survey, conducted by Russell Reynolds & Associates, found that HRM managers have the professional and educational requirements to work with the complex issues of an organisation. However, most HRM managers still have little influence on decision making outside of their own departments. Central to this is the belief by HR managers that their CEOs do not expect them to do any more. However, a follow up survey of CEO’s, conducted soon after the first, by the same team, concluded that CEO’s do expect human resource managers to do more. (Russell Reynolds & Associates, Inc, 1991).

Caudron also suggests that HRM needs to focus on the ‘hard’ skills to promote HR in the same way that other executives sell their programs enabling them to relate to it at a strategic level. It’s a question of return, HR must report from a financial perspective the impact of programs, be it cutting turnover, reducing training costs or increasing productivity (Caudron, 1997). In addition, there is little doubt that the introduction of automated systems has offered the HRM function a greater opportunity to have strategic input into strategic decision making.
The capability of technology to reduce cost and increase the speed of business has featured in a number of business articles and journals, particularly in relation to the ‘global village’ and the super information highway. From an HRM perspective the implementation of computer technology and workplace processes are increasingly influencing job design, recruitment and their value to organisations. However, Thorp, in his book ‘The Information Paradox: Realising The Business Benefits of Information Technology’, asserts:

“investment in information technology has grown rapidly....In the case of the economy as a whole, professional economists remain divided about whether huge investments have actually increased economic productivity. This is a visible management issue since IT expenditures have been growing at rates or 20% - 30% annually for twenty years and now account for about 40% of annual business equipment expenditure” (Thorp, 1998, pxxi).

Yet, to date organisations are not getting the value technology can deliver to realise business benefits.

“Despite this continuing strong growth in expenditures and in the use of IT, economists and other experts are at best divided as to its economic impact. And have difficulty in correlating this ever-increasing investment in IT growth to productivity. In fact, productivity growth has been declining or stagnant in the very period when IT spending has been growing strongly. In addition, a 1996 Gartner Group report by B. Stewart suggests that the net average return on investment from information technology from 1985 to 1995 was a mere 1%”. (Thorp, 1998, p28).

It is not clear the precise trend in HR computer technology literacy, but editorials in British business journals conclude that while the HR profession has improved in its use of information technology, it needs to break the mindset that says a human resource management information system is simply an automated paper folder. (Richards-Carpenter, 1996). Richards-Carpenter, having previously commented on the theory and promise of IT, had not recognised the time it would take for an IT
culture to emerge. Even though most HR practitioners acknowledge the importance of IT in improving productivity it does not mean that an IT culture has been achieved. Richards-Carpenter goes on to suggest that if organisations are to improve, they will need to develop more sophisticated management techniques and systems. The use and administration of such demands the imaginative use of IT. (Richards-Carpenter, 1995).

'Throughout the year 2000, we believe the majority of enterprises will recognise the power of information and begin developing information proficiency within business ranks. Truly information savvy enterprises (<10%) will actively develop information policy to increase agility and mitigate conflict between strategy and tactics. By 2002/03 more than 50% of the Global 2000 (companies) will use information policy to encourage directed autonomy. Furthermore, the highest performing businesses will have transitioned to the use of information as their primary currency (infonomics), emphasising and managing to the value of information capital to create high value, low cost linkages. (Meta Group 1999, p1).

The contemporary literature is compelling in its conviction that HRM has an important role in organisations, particularly as the business environment is becoming so competitive. The literature is also clear that the skills required are broadening to include financial analysis and a higher level of computer literacy to meet the challenges of the future. Karpin also contends that the new management paradigm will demonstrate organisation learning, flexibility, open communication, enabling leaders, and empowered employees and looks to training and development as a way of achieving it. (Karpin, 1995).

There is some suggestion that the use of technology to streamline and enhance HRM has merely been an extension of existing administration processes and failed to maximise on the capability of the systems to analyse performance data for strategic
decision making. Its tempting to think of the technology as a faster, more efficient way to process employee data. However, it would be a grave mistake to overlook the fact that enabling technologies support radical redesign of work. Four key areas of the traditional HR role will dramatically alter by the combination of re-engineering and technology: data entry and maintenance, access to data and the mode of data entry, automation of personnel transactions and manager–employee relationships.

There appears to be a consensus in the literature that organisations require a strategic management approach to achieve maximum organisational effectiveness and efficiency; one that HR practitioners can effectively contribute to. However, there are indications that organisations' definition or usage of the terms personnel management, human resource management and strategic human resource management are confused as the discipline continues to evolve with the demands of the business community.

Theoretically the HRM discipline offers organisations empowerment strategies, the ability to align strategic direction and operational productivity through change management initiatives and organisation learning opportunities. However, it must be remembered that change and empowerment also pose a threat to individuals, in particular, and organisations.

---

2 A review undertaken in April, 1999 by the Northern Territory Public Service into the success of HRMIS upgrades in the Queensland, Tasmanian and the Australian public services.
Senge posits that despite the rhetoric to the contrary, organisations are engaged in ‘no risk’ environments.

“People don’t realise the incredible extent to which traditional organisations are designed to keep people comfortable and to inhibit taking risks. The learning cycle is a continuous process of experimentation. You cannot experiment without taking risks. Despite rhetoric to the contrary I believe that most American business are engaged in building ‘no risk’ environments”. (Senge, 1992, p348).

and,

“Strategies are about the future, which is largely unknown. As a result organisation strategies tend to be largely based on assumptions, premises and beliefs...........further “ A company’s dominant logic is invariably linked more to the past than to the future. Researchers have demonstrated that managers mental representations of the world are based, predominantly on historical information rather than on expectations about the future, and that individuals tend to discount or ignore new information that is inconsistent with their current frame of reference”. (Picken & Dess, 1998, p43).

As the case study has observed the management task in the public sector is, by nature, complex sector due to ambiguity and competing interests in the political environment. In defining the problem the management dilemma and the investigative questions the culture, dynamics and the impact of paradox, politics and ambiguity must be take into account.

In order to stand back and “see the trees and the forest” (Senge, 1992), the group used Systems Thinking and, in particular, Senge’s use of archetypes to understand the causative factors.

3 Managers claimed that the HRMIS could not provide the information they required for decision making.
4 How important is an information system for the HRM function.
Systems Thinking has been applied at three levels:

- Whole of service Figure 1
- Whole of organisation; and
- HR divisional level.

**Figure 1**  
**Whole of Service Dynamic**

The overall pattern below is reflective of events over a seven year 'Reinforcing' cycle of growth. The Public Sector employment legislation was passed as an Act in 1993.

![Diagram](Figure 1)

The above figure depicts the growth of HR in the NTPS. The influencing factors at the beginning of the 1990’s included wide ranging federal legislation against discrimination in the workplace, a desire to be seen as a model employer and the difficulty attracting talented people to an environment seen as distanced from mainstream Australia and with harsh climatic conditions. As such, a framework of
policies and guidelines were put in place within the context of an Act, which provided the flexibility to CEOs to ‘manage their own back yard’.

The archetype above displays a ‘limits to growth’ story. The Reinforcing Cycle of the left demonstrates the elements contributing to growth and the cycle on the right demonstrates the elements that limited the growth; referred to by Senge as the Balancing Cycle. Anecdotal evidence indicates that the growth and balancing effect can be predicted to operate in six to seven year cycles in this service.

The Action Research Group stated that historically the limits to growth have occurred as a response to fiscal measures introduced by Government and Treasury. However, another view of this change may be based on the Strategic Contingency Model, developed by Salancik and Pfeiffer that cites success can dictate the demise of an area or department. As processes become habitualised problems reduce thus reducing the power base and change occurs”.(Kolb, Rubin & Osland, 1991).

Of particular note is the move to a centralised model without re-defining the HR gap in the service. Figure 1 highlights ‘defining the HR Gap’ as something that was not only timely but necessary to establish the critical contingencies and relevant products and services for a centralised model. Overall, the intended outcomes of the new legislation and administrative policies have settled into organisational routine over the past six years and as such might be worthy of revision.

Another Reinforcing / Balancing archetype depicted at the organisational level, provides an understanding of the decision impact to streamline HR to a centralised...
model. It is worthy of note that the centralisation occurred with varying degrees of support by operational agencies leading to a shift in resources and a change in the nature of the relationship between the HR groups and the client organisations to which they previously belonged.

Figure 2 Whole of Organisation Dynamics

The Reinforcing Cycle on the left depicts the events in the first twelve months of the centralised organisation’s operation. The decision not to re-define the gap is apparent. As such, the new administration was established to provide existing services in a more cost efficient way. However, considerable confusion arose because of the prevailing difference in interpretation that existed in the previous agencies. This was not viewed negatively but seen as a consequence of the level of flexibility delegated through the Act. Despite this recognition, many HR staff were unfamiliar with the intent of the organisation and the poorly defined products and services that emerged as an issue for staff and customers alike. In addition, the
absence of a change management program and the high levels of resistance demonstrated by some of the staff led to customer complaints.

As other CEOs communicated complaints to the CEO, tighter controls were put in place to improve the service. As further complaints filtered through at senior levels the controls became tighter again and staff considered that they were not trusted or valued.

The Balancing Cycle tells a concurrent story impacting on the Reinforcing Cycle. In the customer agencies access to HR services and the poorly defined HR products and services created a threat to the traditional management control that existed previously, giving rise to further complaints and strategies to overcome the difficulties. By this time the complaints were impacting heavily on the centralised HR division with the development of self-preservation behaviours at all levels of the division and senior management. The Action Research Group considered that the desire to maintain control of the resources, by customer agency management, remained a live but unwritten issue. The consequence of this was a regrowth in the resource base in those agencies. The positions, redesigned and retitled began to emerge and be filled at a steady rate contrary to the original intention of centralisation.

As the CEO receives poor feedback from customer agencies the controls applied to the reinforcing Cycle are increased creating a clamping down effect. The more restricted staff becomes the less services match individual agency demands and the more pressure is applied to the 'Limiting Control' lever.
Senge contends that, rather than exerting more pressure on the reinforcing Cycle effort should be focussed on weakening the leverage on the Balancing Cycle, thus the limits to growth are reduced. (Senge, 1992a).

Figure 3

Figure 3 depicts a 'Shifting the Burden' archetype; providing further understanding of a recurring pattern within the HR division.

As the additional controls, addressing customer complaints, have been brought to bear on the reinforcing Cycle the organisation has responded with symptomatic solutions rather than address the fundamental problem: redefining the HR gap and weakening the leverage of the 'Limiting Control'.

As the reactive, or crisis, management evolves as a pattern, staff have become disaffected and defensive, further affecting customer relations, productivity and morale. One of the most significant observations in this pattern, previously noted, is the lack of attention to the 're-defining the gap'. It appears that the primary focus, to
save money through the reduction of labour costs, occurred with minimal attention to re-defining the HR need.

Figure 1 outlines the HR need in the early 1990’s to provides attention to the emerging HR issues: EEO, performance management, automation of salaries and leave administration, meritorious recruitment selection and so on. Senge contends:

“‘Shifting the Burden’ structures often underlie unintended drifts in strategic direction” (Senge, 1992 p107).

The overall effect appears to have eroded the stated HR goals of the service which are stated as:

**Mission:** To add value to our customers’ business by providing responsive, quality cost effective services.

**Values:** Fairness, openness and respect
- Working in partnership
- Professionalism
- Continuous improvement
- Innovation
- Accountability

**Objectives:** To increase customer satisfaction,
- Deliver value for money,
- Foster industry development through strategic outsourcing
- Recognition as Best Practice Employer

Organisation reports indicate that staffing targets have been achieved. However, information gathered at interview suggests that divisional goals predominantly focus on process and continuous change.

The Action Research Group opinion suggests that senior management’s (customer agencies) desire to maintain power through resource ownership is the ‘Limiting
Control' in the balancing cycle. Frustrations are widely discussed at all levels in the HR division.

In considering Figure 3 and the perception that the Reinforcing Cycle is in a negative feedback flow it is necessary to further examine some of the elements that contribute to the situation.

Culture and The Impact of Paradox, Politics and Ambiguity

Human resource managers commonly confront paradoxical and ambiguous situations. On the one hand they often participate in policy development, planning processes or prepare newsletter stories, which state staff are highly valued and good human resource management is essential for the organisation to succeed. This statement is common in the private and public sectors. However, contrary to the espoused values and objectives, the staff feel devalued and poorly managed.

This paradox was strongly evident in the interviews with senior executives. All interviewees considered their preference to operate in a contemporary HR model (differentiation of traditional and contemporary models is depicted in Chapter 5 Figure 5). However, they also stated that existing HR staff in general terms were lacking in ability to perform in this model. In addition, they considered that HR staff had been asked to provide strategic analyses in the past but CEOs had given up asking. This in part was attributed to poor information but also to the limited skills of HR staff. The evaluation of the HR system (PIPS) clearly indicates the low value and usage that management places on the HR information management system.
In considering the contribution of paradox and ambiguity the interviewed HR managers offered the following examples:

<table>
<thead>
<tr>
<th>Espoused Values</th>
<th>Actual Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer focus is a prime focus</td>
<td>✧ Structure is frequently being changed, which confuses staff and customers alike</td>
</tr>
<tr>
<td></td>
<td>✧ Resources are minimised restricting delivery of services</td>
</tr>
<tr>
<td>Open and frank communication</td>
<td>✧ Staff are ‘punished’ for speaking out</td>
</tr>
<tr>
<td>We have achieved organisational targets</td>
<td>✧ Tighter controls are put in place due to poor customer feedback</td>
</tr>
<tr>
<td>Performance management</td>
<td>✧ No process used or wanted.</td>
</tr>
<tr>
<td>Jobs for Aboriginals</td>
<td>✧ People don’t really try</td>
</tr>
<tr>
<td>Espoused change management</td>
<td>✧ None is used –</td>
</tr>
<tr>
<td>Meritorious Selection / promotion</td>
<td>✧ “we abuse it on a regular basis”</td>
</tr>
</tbody>
</table>

In their book ‘In Search Of Excellence’ Peters and Waterman (1982) attempt to differentiate the attributes of excellent organisations and ordinary ones. They conclude that managers in excellent organisation have an innate ability to resolve paradox and translate vision into action, taking into account conflicts and tensions whilst motivating high performance. Salancik & Pfeiffer further comment the paradox effects of organisational power make administration one of the most precarious occupations:

“processes by which power develops and is used, organisations become more aligned and more misaligned with their environments.” (Kolb et al, 1991 p442).

The notion that the management of change, ambiguity and contradiction is a primary task of managers in the HR division appears highly relevant. Quinn contends that in such situations there is a need for complex, intuitive decisions.
As one set of circumstances or problem symptoms emerge a resolution is formulated by the managers of the HR division. As those circumstances fade a new set usually emerges to establish a pattern of reactive or crisis management. In general terms, interviewed HR managers clearly relate to this situation. "We are constantly required to bring things under control to prevent criticism by customers. We spend so much time trying to create a favourable impression that we rarely have time to establish real improvements".

Quinn contends that a manager's ability to operate dynamically i.e. managing paradox and ambiguity does not come naturally rather:

"it is a logic that comes from experience" (Kolb *et al* 1971, p 31).

This should also be considered in the context of power. If Quinn's contention is an organisational norm then it is possible that these managers have had considerable experience not only in this organisation but in their previous (public sector) Departments.

Figure 4, overleaf, depicts the effect of paradox on this organisation. The paradox commences with regular elections and bureaucratic continuity. The wider the gap between electoral promises and Government directives, as well as organisational objectives and values, the greater the level of competing interests and ambiguity for the managers to manage. This in turn provides a rich environment for using power and influence to solve problems rather than established formal processes.
Figure 4: The Paradox Effect
Salancik & Pfeiffer suggest:

"that uncertainty encourages the use of power. ... When individuals do not agree about what the organisation should do or how it should do it power and other social processes will influence decisions"......"If there are no clear criteria for problem solving the only means for resolution is some form of social process, including power, status or social ties". (Kolb et al, 1991, p451).

The management competency of managing ambiguity therefore is highly desirable despite not being stated clearly in job descriptions. Recognition and application of this competency is indicated for acceptance into the first stage of the influential network in the organisation. Research indicates that judicious use of power within these networks is more influential on career progression than the merit process suggests.

The culture of the organisation is demonstrating organisational misalignment between the espoused mission / goals / values and staffs' experience. Over time the gap has widened. As a result two parallel systems are operating within the organisation. The visible system represents the espoused plans and values that are supported by formal organisation communication and documentation. The second system comprises the unwritten rules of engagement that is focusing the management's effort towards the internal politics of the service and government demands. Whilst this focus represents the reality for the organisation the balance is creating a significant misalignment.

In trying to identify trends in national cultures Hofstede provides some valuable insights and possible explanations for organisational culture. Hofstede placed the Australian cultural preference in the small power distance quadrant. Small power distance countries typically find that employees expect management to consult with them and may react if they are not seen as staying within their legitimate role. Whilst
Australian culture in general prefers low power distance, and therefore decentralised structures, this organisation has selected a structure incongruent with this notion. The Australian preference also features very high individualistic needs. One of the features of individualistic societies is the strong drive of self-interest.

"The relationship between the individual and organisation is essentially calculative, being based on enlightened self interest". (Hofstede in Kolb, et al, 1991, p366).

In applying this notion to this organisational study and its ambiguous operating environment it is possible to understand the stated need to achieve results through the use of power and the political network within the organisation.

"Culture is to an organisation what personality is to an individual" (Harrison & Stokes, 1992, p13).

To provide an insight into the culture of the division, nine HR managers completed the Harrison - Stokes Culture Survey instrument. The culture diagnostic instrument contains 15 descriptions, each with four alternative endings for individuals to complete enabling an evaluation of organisation culture type. All the alternatives relate to one of four culture orientations: Power, Role, Achievement and Support.

The averaged scores of the nine completed questionnaires demonstrated the HR managers' opinion of the organisation culture.

<table>
<thead>
<tr>
<th>Power</th>
<th>Role</th>
<th>Achievement</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>41</td>
<td>36</td>
<td>24</td>
</tr>
</tbody>
</table>
The results indicate that a Power culture is evident as the predominant culture orientation in the HR division. It is highly probable, on the basis of leadership styles and management board directives, that this is a divisional representation of the whole organisation. A Power culture (otherwise referred to as a Web culture (Handy, 1976)) focuses on a central power source radiating out to functional or specialist divisions or organisations usually bound to the centre by financial obligations. The contributing culture orientation is the Role orientation featuring a well designed system of roles organised by structure designed to maintain control.

Power cultures are politicised, in that decisions are made

"on the balance of influence rather than on procedural or purely logical grounds" (Handy, 1976, p178).

Structures, bound by power cultures, have the ability to react quickly when necessary. Handy contends that resource power is the primary power base in this type of culture with the individual at the centre being power orientated and politically minded (Handy, 1976a). Further, Salancik & Pfeiffer offer:

"Power derives from activities rather than individuals or an individual’s sub group. Power is never absolute and derives alternately from the context of the situation." (Kolb et al, 1991, p447).

The relationships of public services with their masters in Government suggest that this type of culture is not inappropriate for public sector organisations given the rate of change in the external political environment.

"Power is determined by the critical uncertainties and problems facing the organisation and in turn influences decisions in the organisation, the organisation is aligned with the realities. In short, power facilitates the organisation’s adaptation to its environment." (Kolb et al, 1991, p442).
It may be that not all public sector organisations have a power culture. Handy stresses that the power culture can grow by creating other organisations, which do not have to have a power culture, but whose head is bound to the web by influence relationships and financial controls (Handy, 1976b).

One of the characteristics of the power culture is the focus on the results and the faith invested in individuals. Those individuals who have been invested with 'club' membership become powerful and highly influential figures with easy access to networks within Government, the public service and in the general business community. It is likely that those managers with a previously established credibility or power base will be seen as the future leaders or enlightened managers. This perception or bias further focuses power on those who already possess it. (Kolb et al, 1991).

Research has previously set about examining the characteristics of leadership with a resulting shift in the view between personality traits (Fiedler, 1977) to competencies (Vroom 1964 & Yelton 1973). Chell suggests that all current leadership theories apply to the supervision or management of work groups (Chell, 1987) rather than the influence of leaders on the organisation, who have limited contact with specific work groups. Argyris & Schon, however, provide a theoretical perspective that they believe can be applied in all cases. Argyris comments that there is a fundamental concept: human beings have two theories of action in their heads as to how to behave. One produces the behaviour they espouse and the other the one they actually use. They found the 'theory in use' was the same all over the world and would not be different in any culture, between men and women, blacks and whites, young and old,
poor and wealthy, well educated and so on. Argyris refers to this as Model 1 behaviour which is likened to an unconscious master program which does not vary and programs individuals to:

❖ Be unilaterally in control of situation and strive to win not lose
❖ Suppress negative feelings in self and others
❖ Be as rational as possible. (Argyris, 1976).

He also adds that Model 1 behaviour can have a major impact on organisations, in particular, the differences between espoused values and actual experiences.

At interview HR managers described the leadership style of the organisation as directive, reactive and pragmatic with an unremitting focus on getting the job done, sometimes with intolerable deadlines. One of the advantages of this style was reported to be never having to wait for a decision. However, some of the managers considered that more consideration of the human element would be appreciated by all staff. In addition, time was often wasted with errors and omissions when things were rushed. The time constraints have compromised the commitment to quality, which is espoused in the corporate values.

There is a common view that the focus is on ‘solving today’s problems by tomorrow and then solving future problems when and if they arise’. A common description of pragmatic leadership and management styles dominated the interviewees’ responses. In some cases individuals had some difficulty reconciling this approach to their personal style and stated that at times it caused them discomfort but not to the point of losing sleep. The overall description could be summed up in one interviewee’s
response. 'We have a 'can do' approach around here - a very strong pragmatic approach to doing business'. In more than one instance it was considered that a pragmatic approach was suited to the management of ambiguity, competing interests and achieving results.

It does, however, bring into question the growing prevalence for public sector organisations to adopt private sector practices of aligning staff to missions and values where those things do not reflect the organisational reality. In an environment which appears to demand response to external and internal imperatives contrary to the espoused mission, goals and values there is contingent risk of misalignment and disaffected staff with all the inherent associated management problems. Perhaps this is related to Stacey's view that there can be no such thing as strategic planning when the environment cannot be predicted (Stacey, 1996a).

This situation further highlights the need for leadership of this, and organisations like it, to spend ever increasing amounts of time addressing morale, motivation and generally maintaining positive perceptions, not only for subordinates but also for peers and superiors.

Managers also discussed the need for them to spend considerable time translating the difference between espoused values and actual experience. In many cases they spent time consciously constructing the translation. This element of spent time featured in their relationship building with customers. Whilst some saw this as part of the management task others considered that there was a defensive element to the translation activity.
A parallel could be drawn from the behaviour described at interview and Model 1 behaviours in that defensive behaviours and commentary are common in response to criticism. Managers are either expected to and / or feel the need to translate ambiguous messages in an effort to keep the staff focussed on achieving organisational tasks and objectives. Pondy defined leadership effectiveness in terms of language. He also argued:

"the effectiveness of a leader lies in his ability to make activity meaningful for those in his role set (Pondy, 1978 p94)."

Taking Pondy's views into account and the suggested level of paradox and ambiguity that managers need to deal with or translate, it was considered by the HR managers that they spend at least 50% of their time, on average, managing perceptions of either staff, customers or senior management. Argyris also suggests that these translations suppress negative feelings of self and others. In a number of cases managers stated that they were proactive in this regard – they spent time on the translation before staff or customers raised concerns. In addition, there was a view they consciously protected staff rather than cause an upset.(Argyris, 1971).

The 'can do’ pragmatic approach relates to the 'be as rational as possible’ and reflects the practical solutions commonly achieved by these managers and their staff.

However, many of the interviewees commented that whilst their achievements met the 'can do’ requirement, it was reactive and considered themselves to be in a crisis management mode of operation. Their strategic efforts were focussed mainly on streamlining processes and achieving consistent work practices.
The HR managers considered their success, in the eyes of the organisation's leadership, depended on their ability to deal with issues in a reactive environment.

Pfeiffer also suggests that:

"power accrues to those who can obtain important resources or who can cope with critical uncertainties" (Pfeiffer 1982, p229).

The public sector's paradox of political election and bureaucratic continuity has a major impact on the use of power in public service organisations. Task contingency theory takes a rational view that the sole purpose of organisational design is to achieve efficiency. However, Chell considers that the effect of market conditions and political institutions may have a greater influence in some circumstances (Chell, 1987).

"Politics is what takes place in the space between the perfect workings of the rational model (efficiency) and the messiness of human interaction. The greater the gap the more political behaviour becomes necessary" (Ferris & King 1991, p60).

Stacey on the other hand contends that creativity and learning takes places in a psychological space at the edge of chaos.(Stacey, 1996b).

HR managers stated that politics is a major factor impacting on the organisation. However, it was also stated that this situation was a common occurrence in other public sector organisations. As one interviewee stated "it impacts through relationships and who has the power – it pays to know who is where in the pecking order and who is going to back you if you need to win". In discussing this comment others concurred, stating that they saw this as a positive – it was about gaining support and not being a maverick. Whilst this was the majority view the minority view was that this was opportunistic behaviour. Ferris and King suggest that:
“the more the efficiency of the system is held up for emulation and uses congruence as the standard for determining the worth of human individuals, the more the individuals within the system must create the impression that they actually attained that congruence” (Ferris & King, 1991 p60).

This view corroborates the impact of additional controls to address customer complaints in Figure 2 and the Paradox Effect – Figure 4.

Several managers stated they spent between 40 – 50% of their time managing perceptions. In one example provided it was acknowledged that few results can be achieved in the environment where improving the situation requires documenting poor or dangerous practices. ‘A CEO is not going to make another CEO look bad and the line managers know that’. In many respects it appeared that the majority of the activity created a perception of achievement. Despite this, the manager stated that the staff maintained their commitment to their role. This outlook seems consistent with Baum’s explanation, from a psychoanalytical frame of reference, of how bureaucracy discourages responsibility. He contends when an employee’s fulfilment of responsibility is broken by the organisation they engage in escapist or compensatory play to enable the injury to sufficiently heal, allowing them to remain and maintain some investment in work (De Vries, 1991). This is further supported by other comments at interview about the avoidance of taking career limiting decisions or actions.
In the eyes of the HR managers the authoritarian nature of the leadership responds in a punitive fashion through social/network exclusion, reduction of delegations, resources or restructuring.

It appeared from discussion at interview that there is a tacit understanding of the relationship and the level of power each member was able to use to achieve their business unit goals.

The major difficulty appears to be the unwritten rules are hindering staff from achieving the explicit goals; and requires them to make it appear as though they are achieving goals. The consequence that perception is far more critical than substance in the organisation has further politicised the organisation's processes and relationships with staff and customers. Zalenzik contends:

"Politicisation occurs in business when substance takes a back seat to process.....when people become preoccupied with power, perhaps without realising what they are doing, managers shift from working on tasks to working on other people. Under the real conditions of power inequality that characterise organisations this shift tyrannises sub ordinates and elicits defensive behaviour" (De Vries, 1991, p112).

And Ferris and King suggest that:

"competence of employees becomes an irrelevant issue and is replaced by ones ability to socially construct a reality of competence – a cosmetic competence if you will – through political acumen.” (Ferris & King, 1991, p66).
The role of the HR division.

Based on Salancik and Pfeiffers' comments power and influence are centred on areas for which there is a resource shortage. There is a perception that the public sector has an abundance of human resources and HR practitioners, and therefore the HRM function, has limited strategic importance in the mindset of executive decision-makers.

Whilst human resource management numbers may be considered to be adequate to high it is anticipated that the intellectual capital or required competencies do not meet existing or future needs. Certainly this was reflected in the senior executives' interview responses in relation to HR staff in particular.

The structure of the HR division has altered several times in the past twelve months. Managers commented that this occurred with minimal consultation with themselves prior to the decision being made.

The structure operating at the commencement of the research appeared as follows:
Communication between HR business managers (in the central HR division) were directed, by bureaucratic protocols, to the customer agency liaison officer responsible for HR activities. The seniority of the agency officer ranged from an executive to a junior officer depending upon the size of the organisation, its structure and/or the appropriate skills available. In some instances the officers had not previously managed HRM and in other instances junior staff in customer organisations were providing management direction.

All HR communication to executive management of customer organisations was vetted and signed by the General Manager.

The organisational design is based on achieving the greatest level of efficiency in each of the functional areas, particularly in the case of salaries and recruitment. The impact of this has been to increase and restrict the opportunity for multi-skilling and work variety. In addition, mobility and career development opportunities in this working environment have also reduced. Inherent in this is the loss of corporate knowledge, which potentially will continue with increased efficiency gains.

The ‘factory’ structure appears to have been a confusing experience for customer agencies; having to discuss a range of HR issues with a number of HR business unit managers. Previously, with the resources in their own department, they were only required to deal with the one person on the same range of issues. Consequently there has been a greater level of effort demanded of the centralised HR managers to achieve a coordinated service response to customer agencies.
The structure at the conclusion of the research appears thus:

At the commencement of the research the General Manager led the division from the front. Although the group was struggling with changes and lack of Service Level Agreements and budgets they presented as individuals endeavouring to form a management team. Communication with customers was facilitated through numerous staff at all levels.
At the conclusion of the research the structure of the division had changed several times and the General Manager dominated to achieve coordination. The group resulted in an almost exclusive focus on short term results and problem resolution. The management team presented as a predominantly inwardly focussed group of individuals with well developed defensive behaviours.

The difference between the two diagrams represents the impact of management control coming into effect as negative customer feedback was received from customers about service provision, performance and attitude. The communication lines between staff and customers retracted to communication between HR managers and customers. As time progressed, the controls increased the number of disaffected staff (reduction of job satisfaction) and customers resulting in managers having to increase their effort to maintain positive perceptions. In doing so, there has been a reduction of their ability to focus on delivering actual achievements. The cycle has continued with further negative feedback and further controls. The cycle of events was consistent with the Reinforcing Archetype described by Senge (Senge, 1992b).
At the conclusion of the research the HR division business units had not progressed beyond the forming stage due to the number of structural changes that occurred over a twelve-month period. Not only had there been divisional restructures but also groups and individuals had relocations, in some cases several times.

To summarise the literature provides a compelling history of change from the early welfare focus of personnel management to the business improvement focus of HRM. The evolution of the discipline continues, in alignment with the changes emanating from the globalisation of the business environment, focusing on the organisation’s intellectual capital and the development and maintenance of its culture.

Articles published in HRM and public sector association magazines indicate that HRM is endeavouring to focus on strategic effort. Certainly government departments’ annual reports provide some support for this view. However, the change associated with this effort assumes strategies are in place to deal with entrenched behaviours and environmental factors. Like all disciplines, the practitioners require reliable tools; in this case an information system to analyse productivity and performance and so on.

Renfrow, Hede & Lamond consider

"that the defining characteristic of the Australian public services during the past 10 – 15 years has been reform. Although there has been considerable variation in the reform programs adopted.....collectively they are described as managerial reforms focusing on performance management” (Renfrow, Hede & Lomond, 1998, p36).

Whilst the literature provides us with an historical perspective and some direction for the future the problem centres on the current capability of HR practitioners in the role
they perform and their capacity to perform it with the tools available to them through an HRMIS.

The subsequent chapters explore the usefulness of the HRMIS in the host organisation and the focus of the role they currently perform i.e. does it have a personnel, HRM or strategic HRM focus.
CHAPTER 2

UNDERSTANDING THE FOCUS OF
HUMAN RESOURCE MANAGEMENT IN
THE PUBLIC SERVICE CONTEXT IN
AUSTRALIA
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PURPOSE

The purpose of this chapter is to examine the HRM role in the context of the variety of models that exist within public sector organisations based on the understanding gained through the literature search and the preliminary investigation (outlined in Chapter 1).

The investigation by the Action Research Group found that the concept of HRM varied according to individuals’ view of the role in organisations and in particular the diversity and maturity of the organisations’ systems at the time. What might be strategic in one organisation with poor / integrated organisational systems may be considered operational in another organisation with integrated systems. Based on the executive interviews the perception of strategic HRM appears to be relative to the executive’s experience (of personnel and human resource management) and outlook. There was a consistent view that strategic HRM did not happen – its just personnel management with a different name. The strategic component of the function from managers’ perceptions appears to lie within the realm of training and development. However, there was an expressed view that this also lacked strategic focus. Based on information provided at interview from senior HR managers and executives the symbol * is used in Table 1 to indicate the predominant practice in the NTPS from their experience.
Previous discussion in Chapter 1 recognises that management in the public sector context is more complex than the private sector environment because of the relationship with Government and the high levels of paradox and ambiguity. However, it has been widely recognised in the literature that a strategic focus is necessary to transform the business capability of organisations to meet future challenges.

A questionnaire was subsequently developed to identify the current focus of HRM in the host organisation within the NTPS and other public services generally. The results of the questionnaire were anticipated to partially address the research question 'Is the organisational role of HR – strategic or operational /transactional?' Whilst the host organisation is a central HRM service provider to 33 NTPS client agencies its activities are relational to the client agency service requirements. A HR manager or senior representative of the client agency manages the needs through a service level agreement. Given that the public sector rhetoric implies a strategic focus it is important to establish the current focus of the HRM effort and make appropriate recommendations from Storey's 27 points of difference between personnel management and human resource management Table 1, (Dessler, Griffiths, Lloyd-Walker & Williams, 1999, p15). However, it was considered that Storey's 'points of difference' did not sufficiently take into account the importance of managing intellectual capital or the nature of gathering management intelligence for decision making.

5 See Research Hierarchy Table 2
The questionnaire was constructed of 26, randomly asked questions focussing on identifying current practices that aligned with Storey’s descriptions of the personnel / HRM approach in organisations. (For example; Q1 our human resource unit / division administers access to training? Equates with No. 26 in Table 1.)

QUESTIONNAIRE RESULTS

METHODOLOGY

The Human Resource Management questionnaire, comprising 26 questions, was constructed by the Action Research Group to identify significant differences in the focus of human resource management in public services including state and Northern Territory jurisdictions as well as the federal public service. Two hundred and ninety seven questionnaires (297) were distributed to CEOs in Public Sector organisations in all Australian jurisdictions and eleven specifically to NTPS HR managers to establish any generality of the findings across the jurisdictions. Ninety six (96) questionnaires were returned completed by either CEOs or Human Resource Managers. The highest number of returned questionnaires were returned from Western Australia, Northern Territory and Tasmania (in that order).

The questions, which were based on Storey’s 27 Points of Difference (between personnel management and human resource management), (Dessler et al, 1999) were listed under four groupings of variables for analysis. The respondents used a Lickerts scale to rate their attitudes and practices within their organisations (1 never to 5 always). The practices / styles/ focus, as discussed earlier in this chapter, refer
to personnel management, human resource management and strategic resource management.

RESULTS

The data from the collation of the returned questionnaires was analysed using the SPSS database 7.5 statistical package. The questionnaire was shown to be reliable, with a Cronbach Alpha level of .71, as well as to have both content and construct validity.

Ninety six responses were received from:

- Northern Territory 22 returns
- Western Australia 34 returns
- Tasmania 12 returns
- Australian Public Service 7 returns
- New South Wales 3 returns
- Victoria 4 returns
- Queensland 7 returns
- South Australia 7 returns

Each of the four demographic divisions:

- Organisation role
- Jurisdiction
- Organisation Size
- Financial Scope
were compared to four variables that were grouped according to the similarity of the questions included. In addition, the various levels within the demographic divisions were compared to some statistical differences between the demographic groups have been identified and discussed.

**GROUPED VARIABLES**

Four groupings were identified as specific areas of interest to identify trends, practices and therefore styles or focus of human resource management applied in organisations. Research conducted through interviews and an evaluation of the human resource information system in the Northern Territory Public Service indicated that the HRM style and practices focused on administration of essential functions rather than a strategic focus on analysing critical information for improvements and developing the culture.

**The Grouped Variables included:**

**Administrative Focus to Human Resource Management** particularly considered the importance of processing functions (normally managed by HR areas) compared to more strategic HR roles, which are considered to contribute to the bottom line results of business units.

**Business Focus to Human Resource Management** particularly considered more strategic areas of importance where human resource management is practiced more at the line management level of an organisation. The HRM Unit serves to enhance
the intellectual capital and flexibility of the organisation through a business focus and integration those organisation systems.

**Management Intelligence Gathering** particularly considered the gathering, interpretation and use of information for decision making with regard to managing human resources.

**Knowledge Management** particularly considered the approach taken to continuously developing and utilising the knowledge base or intellectual capital of the organisation.

**GROUPINGS**

**Administrative Focus to Human Resource Management**

1. Our human resource unit / division administers access to training (Q1)
2. In my organisation’ position descriptions it is more important to detail an individual’s specific duties than describe the role the position plays in the organisation. (Q5)
3. Managing the administration of the payroll is more important than the customer relationship between the Human Resource Management Unit and business managers. (Q16)
4. I place an emphasis on following policies and regulations in my organisation (Q19)
5. I consider reporting position occupancy to be more important than absences and turnovers (Q23)
6. My Human Resource Manager spends more time managing transaction processing than leading change (Q24)

**Business Management Focus To Human Resource Management**

1. Human resource management is best managed at the line management level in my organisation. (Q2)

2. There is a trend, in my organisation, towards using individual employment contracts. (Q3)

3. In my organisation the performance appraisal system is integrated with other aspects of human resource management e.g. training, succession planning, mentoring etc. (Q6)

4. I require a rate of return on the financial investment in human resource preventative programs such as stress management courses. (Q7)

5. I consider my employee’s daily practices reflect the stated values of this organisation (Q9)

6. I maintain a close relationship with unions (Q12)

7. Knowing the knowledge and skills profile of my organisation is more important than having an accurate organisation chart (Q13)

8. I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities) (Q20)

**Management Intelligence Gathering**

1. I involve the Human Resource Manager in all major strategic decisions affecting the organisation. (Q4)
2. I have an ‘open door’ policy with my Human Resource Manager / Director (Q11)

3. I have established consultative processes to help manage communication (Q17)

4. I spend at least one hour per week walking around my organisation talking to staff other than managers. (Q18)

5. An analysis of why employees leave this organisation has assisted in reducing recruitment costs (Q21)

6. The analysis of HR information strongly influences initiatives in the Enterprise Bargaining Agreement and / or Australian Workplace Agreements. (Q22)

Knowledge Management

1. I can achieve better outcomes by using my personal networks than by using organisation procedures, for example with recruitment. (Q8)

2. I spend at least one hour each week reading contemporary management literature (Q10)

3. I strongly encourage formal research to be undertaken by my organisation (Q14)

4. I value negotiation skills in my managers more than facilitation skills (Q15)

5. I take time out each week to reflect on what I have learned. (Q25)

6. I have practical strategies in place to capitalise on the organisation's corporate knowledge. (Q26).
SURVEY REPORT FINDINGS

The following legend is applied to all charts

- Administrative Focus to Human resource Management (ADMINFO)
- Business Management Focus to Human Resource Management (BUSFOC)
- Management Intelligence Gathering (MANINTEL)
- Knowledge Management (KNOWLEDG)

Chart No. 1

Comparison of Organisational Role & Grouping

This chart shows a comparison of the groupings to organisation roles.

Overall there was a statistically significant difference between the CEOs and the Human Resource Managers in the survey.
Questions: Q5, Q6, Q13, Q14, Q17, Q18, Q20, Q21 and Q26 demonstrate the areas of difference.

These questions fall under the groupings as follows.

Grouping No 1: Administrative Focus to Human Resource Management: Q5,
Grouping No 2: Business Focus to Human Resource Management: Q6, Q13
Grouping No 3: Management Intelligence Gathering: Q17, Q18, Q21
Grouping No 4: Knowledge Management: Q14, Q26

These questions are:

Q5 In my organisation’s position descriptions, it is more important to detail an individual’s specific duties than describe the role the position plays in the organisation (t = -2.540, p<.05).

Q6 In my organisation the performance appraisal system is integrated with other aspects of human resource management e.g. training, succession planning, mentoring etc (t = 3.301, p< .05).

Q13 Knowing the knowledge and skills profile of my organisations is more important than having an accurate organisation chart (t = 3.729, p< .05).

Q14 I strongly encourage formal research to be undertaken by my organisation (t = 3.587, p<.05).

Q17 I have established consultative processes to help manage communication (t = 2.023, p < .05).

Q18 I spend at least one hour per week walking around my organisation (t = 3.705, p < .05).
Q20 I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities) \((t = 2.414, p < .05)\).

Q21 An analysis of why employees leave this organisation has assisted in reducing recruitment costs \((t = 2.12, p < .05)\).

Q26 I have practical strategies in place to capitalise on the organisation's corporate knowledge \((t = 3.937, p < .05)\).

The results indicate that for the most part CEOs scored these questions significantly higher than HR managers with regard to these questions. Therefore the results are showing that CEOs responded that they are familiar with contemporary HRM practices, which focus on developing role flexibility, skills and performance. This is demonstrated specifically with a higher rating than HRM managers for the following questions:

Q6 In my organisation the performance appraisal system is integrated with other aspects of human resource management e.g. training, succession planning, mentoring etc \((t = 3.301, p < .05)\).

Q13 Knowing the knowledge and skills profile of my organisation is more important than having an accurate organisation chart \((t = 3.729, p < .05)\).

However, the specific results for the NTPS demonstrate individual differences in the ratings between CEOs and HR managers. The results indicate that for the most part CEOs have a higher rating for strategic aspects of HRM practices, such as integrated performance systems, skills and knowledge profiling and information analysis for decision making (refer p19) demonstrated by Q4, Q6, Q13, Q14, Q20, Q21 and Q26.
Q4. I involve the Human Resource Manager in all major strategic decisions affecting the organisation.

Q6. In my organisation the performance appraisal system is integrated with other aspects of human resource management eg. training, succession planning, mentoring etc.

Q13. Knowing the knowledge and skills profile of my organisation is more important than having an accurate organisation chart

Q14. I strongly encourage formal research to be undertaken by my organisation

Q20. I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities)

Q21 An analysis of why employees leave this organisation has assisted in reducing recruitment costs

Q26. I have practical strategies in place to capitalise on the organisation's corporate knowledge.

By comparison HR managers in the NTPS rate administrative processes of higher importance than CEOs demonstrated by Q5 and Q16:

Q5. In my organisation's position descriptions it is more important to detail an individual's specific duties than describe the role the position plays in the organisation.

Q16. Managing the administration of the payroll is more important than the customer relationship between the Human Resource Management Unit and business managers.
The comparison of Western Australia Public Service (WAPS) and the NTPS indicates that CEOs in both jurisdictions responded similarly to the questions (refer page 20).

However the comparison of specific results for the NTPS HR managers and WAPS HR managers (refer page 21) demonstrated individual differences in the ratings for Q6, Q8, Q10, Q16 and Q20:

Q6. In my organisation the performance appraisal system is integrated with other aspects of human resource management e.g. training, succession planning, mentoring etc.
Q8. I can achieve better outcomes using my personal networks than by using organisation procedures.
Q10. I spend at least one hour each week reading contemporary management literature.
Q16. Managing the administration of the payroll is more important than the customer relationship between the Human Resource Management Unit and the business managers.
Q20. I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities)

The results indicate that for the most part HR managers in WAPS rate analysis and integrated information higher than their counterparts in the NTPS. However, NTPS HR managers rate managing the payroll and personal networking more important.
Therefore the results are showing that the NTPS HR managers have an administrative focus to human resource management, which is supported by the information gathered at interview. Also there is an indication that the reliance on personal networking (and by inference management of the organisation / service political environment) is greater than in other jurisdictions.
comparison of wa & nt ceo's

Mean values vs survey questions.

- Blue bars: wa ceo's
- Black bars: nt ceo's
comparison of nt hrm's & ceo's

survey questions

mean values

nt hrm's
nt ceo's
comparison of wa & nt hrm's

survey questions

mean values

NT HRM
WA HRM

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26
This chart shows a comparison of the groupings according to jurisdictions.

- Overall there was a statistically significant difference between the jurisdictions and the groupings.

Questions: Q4, Q8, Q16, Q19, Q20, Q22, Q24 demonstrate the areas of difference.

It should be noted that several questions of the same question appeared as significantly different between more than several combinations of the jurisdiction levels. These repetitions serve to reinforce the differences.
These questions fall under the groupings:

Administrative Focus to Human Resource Management: Q19 (x2), Q24 (x3)

Business Focus to Human Resource Management: Q20 (x2)

Management Intelligence gathering: Q4, Q22 (x3)

Knowledge Management: Q8, Q16.

The questions are:

Q4  I involve the Human resource Manager in all major decisions affecting the organisation (t = 2.262, p< .05)

Q8  I can achieve better outcomes by using my personal networks than by using organisation procedures e.g. with recruitment (r = 2.958) p<.05.

Q16 Managing the administration of the payroll is more important than the customer relationship between the HR unit and business (t = 1.991, p<.05).

Q19 I place an emphasis on following policies and regulations in my organisation (t = - 2.772, p<.05), (t = -2.003, p<.05).

Q20 I am able to ascertain the tangible value of my organisation with 24 hrs (including human resource liabilities) (t = -2.416, p<.05), (t = -2.592, p<.05).

Q22 The analysis of HR information strongly influences initiatives in the Enterprise Bargaining Agreement and / or Australian Workplace Agreements (t = 3.170, p<.05), (t = 2.035, p<.05), ( t = 2.353, p <.05).

Q24 My human resource manager spends more time managing transaction processing than leading change (t = -2.992, p<.05), (t = 2.074, p<.05), (t = -2.043, p<.05).
The results indicate that for the most part the Australian Public Service (APS) scored higher than state or the Northern Territory jurisdictions for business focus of human resource management grouped questions and rated administrative focus grouped questions lower than the other jurisdictions. In particular, the APS focus on information analysis demonstrated a higher rating compared to other jurisdictions on three instances for Q22 (The analysis of HR information strongly influences initiatives in the Enterprise Bargaining / Australian Workplace Agreements).

By comparison WAPS and the NTPS both scored a higher rating for administrative focus and, in particular, transaction processing.

Therefore, the results are showing that the NTPS has a stronger focus on the administrative style of human resource management than a business / strategic focus.
Chart No. 3

This chart shows the significant relationship between the size of the organisation (numbers of employees) and the styles of human resource management.

Overall there was a statistically significant difference between the levels of Organisation Size and the groupings. In particular, the differences occurred between larger and smaller organisations.

Questions: Q1, Q6, Q9, Q13, Q14, Q16, Q18, Q20, Q26 demonstrate the difference.

It should be noted that two questions appeared significantly different between two combinations of organisation levels. These repetitions serve to reinforce that the survey has captured the differences between the levels.
The questions fall under the groupings as follows:

Administrative Focus of Human Resource Management: Q1

Business Focus of Human Resource Management: Q6, Q9 (2), Q13, Q20

Management Intelligence Gathering: Q18 (2),

Knowledge Management: Q14, Q14 and Q26.

Q1  Our human resources unit / division administers access to training (t = 2.230, p < .05)

Q6  In my organisation the performance appraisal system is integrated with other aspects of human resource management eg. training succession planning, mentoring etc. (t = 2.071, p < .05).

Q9  I consider my employee’s daily practices reflect the stated values of this organisation (t = 3.096, p < .05), (t = 2.635. p < .05).

Q11. I have an open door policy with my Human Resource Manager (t = -2.308, p<.05)

Q13 Knowing the knowledge and the skills profile of my organisation is more important than having an accurate organisation chart (t = 2.032, p < .05).

Q14 I strongly encourage formal research to be undertaken by my organisation (t = 2.230, p < .05).

Q16 Managing the administration of the payroll is more important than the customer relationship between the Human Resource Unit and the business managers (t = -3.576, p < .05).

Q18 I spend at least one hour per week walking around my organisation talking to staff other than my managers (t = 3.749, p < .05), (t = 3.194, p < .05).
Q20 I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities) (t = 2.334, p < .05).

Q26 I have practical strategies in place to capitalise on the organisation’s corporate knowledge (t = 2.135, p < .05).

The results indicate that for the most part smaller organisations responded that they have a greater focus on integrated HR systems and processes than larger organisations. This is demonstrated by Q6, Q9, Q18 which were each rated higher in three instances:

Q6. In my organisation the performance appraisal system is integrated with other aspects of human resource management eg. training, succession planning, mentoring etc

Q9. I consider my employee’s daily practices reflect the stated values of this organisation.

Q18. I spend at least one hour per week walking around my organisation talking to staff other than my managers.

The view that smaller organisations are better able to focus on business / strategic human resource management is further supported by a very clear distinction that larger organisations rate administrative functions higher (than smaller organisations). This is specifically demonstrated by larger organisations rating Q 1 and Q16 higher in two instances:
Q1. Our Human Resource Management Unit / division administers access to training.

Q16. Managing the administration of the payroll is more important than the customer relationship between Human Resource Management Unit and business managers.

Therefore the results are showing that larger organisations (> 1,000 employees) have a more administrative focus to human resource management than smaller organisations (< 1,000 employees). The smaller organisations appear to have a greater ability to focus on integrated HR information. For example integrating performance appraisal system with other systems and knowing the knowledge and skills profile scored higher than administration of organisation charts and the payroll in smaller organisations, despite them having less likelihood of CEOs having an open door policy with their HR Manager.
Chart 4

Comparison of Financial Scope & Groupings

Financial Scope:
- $0 - $999,999
- $1,000,000 - $19,999,999
- $20,000,000 - $40,999,999
- $50,000,000 - $99,999,999
- $100,000,000 - plus

This chart shows a comparison of the groupings according to financial scope.

There was a significant statistical difference between the financial scope of the organisations and levels 1, 2 and 5. In particular, the differences occurred between larger and smaller organisations.

Questions: Q6, Q9 and Q18 demonstrate the areas of difference.

These questions fall under the groupings as follows:

Business Focus of Human Resource Management: Q6, Q9
Knowledge Management: Q18
The questions are:

Q6 In my organisation the performance appraisal system is integrated with other aspects of human resource management eg. training, succession planning, mentoring (t = 2.165, p < .05).

Q9 I consider my employees’ daily practices reflect the stated values of this organisation (t = 3.5000, p < .05).

Q18 I spend at least one hour per week walking around my organisation talking with staff other than my managers (t = 2.287, p < .05)

The results indicate that for the most part smaller organisations responded that they have more integrated HR systems (and process) than larger organisations. This is supported by the fact that smaller organisations rated these same questions higher for demographic 3 – organisation size and groupings.

Therefore the results are showing that smaller organisations have a greater business focus to human resource management in larger organisations. Conversely, larger organisations show a tendency towards an administrative view of human resource management.
CONCLUSION

Overall the results show a trend in state and Northern Territory public services towards applying an administrative focus to human resource management.

There are indicators that a greater level of importance is given to the administration of the payroll and transaction processing, which suggests that HR managers invest minimal effort in the more strategic aspects of human resource management. These aspects include developing business relationships with operational business unit managers and integrating performance management with other organisational systems to better manage the development of intellectual capital.

Whilst there is no clear evidence the Action Research Group considered that the administrative focus on human resource management, particularly in the NTPS, equates to practices which represent a predominant focus on personnel administration and to a much lesser extent human resource management (consistent with the definitions discussed previously).
CHAPTER 3

CASE STUDY OUTLINE
Chapter 3 discusses Action Research as the selected and most appropriate research methodology to apply in this business context and introduces the case study of the Department of Corporate & Information Services (DCIS) in the Northern Territory Public Service (NTPS).

Understanding the current future roles of HRM requires a substantial investigation into the practices, capabilities and limitations of the people, systems and working environment.

The negotiated case study was conducted in DCIS. The Department was formed in 1998 with the express purpose on centralising corporate services i.e. information technology, finance, human resource management, contract and tendering and library services. The department provides the services, through service level agreements, to its customers who are the management and staff of all departments within the NTPS.

DCIS has a staffing establishment of approximately 1,100 people based in five regional areas comprising Darwin, Katherine, Tennant Creek, Alice Springs and Gove. The department services 17,500 staff across the NTPS and the 33 management teams located in the various agencies. The HRM division is responsible for providing a range of HR services including administration of employee
entitlements, recruitment, training and development, performance management, workers compensation and rehabilitation, management advice and reporting and so on.

The establishment of the Department was based on a review highlighting the efficiencies to be gained from streamlining and standardising processes and improving work practices. The reduction of between 200 – 300 jobs within the first year was a planned outcome.

Action Research has been specifically selected as the research process of choice to examine the strategic relationship between HR and executive decision making and generate incremental improvements in the host organisation.

As a methodology, Action Research is within the tradition of qualitative research methodology rather than the more mainstream quantitative research paradigm preferred by the natural sciences. There are three key reasons for this and its selection as the most appropriate methodology for researching the subject. Firstly Action Research seeks to address whole system problems that are typically multi-faceted and evolving day by day. Action Research can take this into account during the research process, whereas mainstream research would required that the problem be studied in a reductionist framework. The second fundamental reason is the Action Researcher aims to intervene in the organisation and influence the phenomena being researched during the process itself. This is clearly demonstrated by working with a group of host organisation staff, established as a research group, and cooperatively analysing and developing action plans for ongoing improvement in their
organisation. Traditional research does not offer the opportunity of being involved in the implementation. The third reason is that the research design is flexible. It emerges progressively as more is discovered about the organisation and it is influenced by the events and subsequent analyses that take place during the research.

While the benefits of Action Research to the researcher and host organisation are apparent there also are limitations. The success of Action Research is very much dependent on the researcher’s credibility, honest dialogue and feedback, clearly defined expectations and the research being openly sanctioned by the power players. Lack of any of these factors can seriously jeopardise the quality and flow of accurate information and thereby compromise the process and the outcome.

“The psychologist Kurt Lewin coined the term ‘Action Research’ in about 1944. He used the term to describe a form of research, which could marry the experimental approach of social science with programs of social action in response to major social problems of the day. Through Action Research, Lewin argued, advances in theory and needed social changes might simultaneously be achieved”. (Kemmis, Henry, Hook & McTaggart, 1981, p27).

Action Research developed significantly during and immediately after the Second World War, most notably by Kurt Lewin, as a tool for improving intergroup relations. The attention to action is distinct; as Lewin points out,

“Research that produces nothing but books will not suffice” (Kemmis et. al, 1981, p41).

What is different in Lewin’s view of social research is that the knowledge generated should be compelling for the participants. He had a strong insight into the dynamics of change and the need for follow up support among the participants as they
implemented their strategies. Kemmis et al discuss his comments on the results workshops:

"I have been deeply impressed with the tremendous pedagogical effect which these evaluation meetings, designed for the purpose of scientific recording, had on the training process. The atmosphere of objectivity, the readiness by the faculty to discuss openly their mistakes, far from endangering their position, seemed to lead an enhancement of appreciation and to bring about that mood of relaxed objectivity' .... This and similar experiences have convinced me that we should consider action, research and training as a triangle that should be kept together for the sake of any of its corners" (Kemmis et al 1981, p44).

The concept of social management through Action Research has since been developed and applied by researchers and academics from other fields for the purposes of organisational development and education. Corey (1949), Hodgkinson (1957), Grundy (1978) and Elliot, (1990) among others, established Action Research as part of the curriculum for teachers and an essential theory for educationalists to practice in the classroom. Sherwood (1976), Bryant (1989) and, Frohman, Sashkin and Kavanagh (1976) assisted in developing and applying Action Research as a tool for the development of organisations as a formal social structure with their representative culture of sub groups, ideologies, behaviours and intergroup relationships.

The process is based on the principle that people are capable of change and it is characterised by participation, collaboration, consensus, involvement in the monitoring and participation. The research is conducted within an organisation and with the co-operation of the management and staff as a way of developing practical solutions for real problems from a research basis. Lewin, in particular, considered that Action Research should focus on the effects of implementing solutions to address an organisational problem.
Rapoport’s definition of Action Research is commonly used:

“Action Research aims to contribute to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework” (Rapoport, 1970, p499).

This methodology, as opposed to the research methodologies associated with the natural sciences, offers immediate benefits both for the collaborative partners (in terms of what skills they will learn) and the organisations that invited the ‘intervention’ (in terms of the organisational development and outcomes).

Sherwood continues:

“As the name implies, Action Research is action oriented, indeed action forcing. There is a clear problem orientation, not just of intellectual dimension, but of social and administrative consequence. It operates on a real-time basis. The research is present oriented: and through-out its conduct, it is to be expected that new data will be generated. It would be unthinkable to conceive of an Action Research project in which the data were ‘on the shelf’ at its inception. It is involving, which suggests that the relationship goes both ways: emphasis tends to be placed on the involvement of the administrator and the client in the research, but also has come to be recognised that the researcher is similarly involved with the action. By undertaking research that is real time and action oriented, the researcher himself is no longer the passive observer. His objectivity and professional integrity must be found within himself, not in the role that he occupies” (Sherwood, 1976, p176).

Sherwood’s observations indicate the importance of the relationship that is established not only with the organisation hierarchy but specifically with the group involved in the ‘frontline’ research and analysis. In addition, Sherwood’s comments highlight the overt requirements for professional integrity in the Action Research process. This is most adequately emphasised in the view that

“Action Research is essentially a process of social change, rather than a set of techniques or a body of knowledge to be applied to particular problems” (Bryant 1989, p146).
The formation of the Department provided an opportunity for the public sector to strengthen its administrative position for the future. The Director of Corporate Systems conducted a preliminary review of the corporate systems [Government Accounting System (GAS) and the Personnel Integrated Payroll System (PIPS)] in late 1998 commenting that, in his view, the PIPS system was deficient in a number of areas. Noteworthy is the perception of system unfriendliness, the time it takes to skill users, inflexible reporting capabilities, the cost and time to obtain enhancements, the poor interface with financial systems and the diminishing number of organisations using the product. DCIS identified this as a management dilemma and one that warranted in depth investigation to identify appropriate recommendations to address the issues.

PIPS is a derivative of the system called NOMAD and was developed in Canberra by the Department of Administrative Services. The NTG uses a version of NOMAD customised for local conditions. Except for basic support each enhancement is done on a quotation basis.

The initial data collection phase focused heavily on an evaluation of the information system, upon which every employee is reliant for pay, administration of their leave and entitlements and so on. In addition, it is the primary source of HR information for analysis and management reporting for the entire service as it is a mandated system that all organisations use enabling whole of government reporting. Management advised from the outset that there were very poor perceptions of the system and many complaints about it by senior management. However, no one provided specific evidence of its performance during its eight year lifetime.
For the purposes of the evaluation it was negotiated with management that the 'system' inputs should comprise hardware, software, people (attitudes) and skills and knowledge. I considered this essential to view the 'system' as a holistic organisation relying on a range of inputs to operate effectively. Further, it was necessary to understand the relationships between the inputs and their individual and combined contribution to results. This approach had not been previously used. Management stated that the Information Management staff normally undertook assessments, which focused on hardware and software. The Action Research approach would provide additional information and potentially a new insight. It was agreed with management that the data collection would identify the strengths and deficiencies of PIPS from a user, management reporting and technical perspective. The Terms of Reference, outlining specific areas of examination, are attached at Appendix 1.

A file search revealed that specifications were not developed for the purchase of the leave and salaries administration system (1991). The original selection of Concept was aborted following cost and service disputes with the vendor. A Nomad licence was purchased in 1991, with further modules added as required. The licence agreement stated the development of user documentation is the responsibility of the NTPS. Nomad was acquired by DMR in June 1997 and their Application Maintenance Support Unit, located in Canberra, performs all maintenance and enhancements. The software license with DMR expires on 30/6/99 with an option to renew for a further 2 years under the same conditions.

The original NOMAD user base included all Federal Government Agencies but has been shrinking rapidly as these agencies move to new HRM systems purchased from a panel contract, which does not include NOMAD. The remaining clients include a
variety of small agencies such as Human Rights Commission, Native Title Tribunal, Archives etc. Of the medium to large agencies only Immigration & Multicultural Affairs, Bureau of Meteorology and Environment, Sports and Territories have retained NOMAD.

The likely outcome of the above scenario is that NTG will become, if it's not already, the largest user of NOMAD by a significant margin and will progressively be faced with increased support and maintenance costs. The NTPS will only receive enhancements, which are self-funded, and DMR has shown little inclination to invest in the product in their own right. The NTG will be faced with the risk that DMR may withdraw from the NOMAD support market after assessment of the profitability of the situation.

For the purposes of the evaluation the 'system' comprised:

- Hardware
- Software
- People
- Skills and knowledge.

Establishing the background to the evaluation provided some significant challenges with historical information being kept in various locations across the public service. The most valuable of the background information was gathered from staff members who had been involved in the implementation of the previous (aborted) and existing systems. In many cases the information, offered by the informants was framed in defensive statements.
As part of an environmental scan a meeting was held with the Commissioner for Public Employment and Senior Director Budgets (Treasury) to scan future employment and financial trends, which may affect requirements of the HRMIS. Also consulted was the Metadata Group, an information technology research organisation, which the Department has corporate membership, in respect of information technology trends.

Industrial Relations and Employment Management

Much of the streamlining of Award conditions and entitlements has been achieved. However, there will be additional, administrative complexity with the possible implementation of separate Enterprise Bargaining Agreements for PAWA and Education. Whilst the NTPS has not used Australian Workplace Agreements (AWA), the possibility, although not foreseen at this time, cannot be excluded. The advent of AWAs will add further Agency or group specific administrative requirements.

Information Technology

Advice from META Group Asia Pacific indicated the current trend is to implement a unified back office. That is to say, an integrated HR / Finance system. Whatever the selected system, it is essential that the system has the desired level of functionality as determined by the business and is not technology driven.
It is possible to utilise the current information technology hardware ie. mainframe and application servers to achieve an integrated back office. Alternatively, batch processing and payroll can be done via the mainframe and on-line, web based, employee self service (REI) and transactions via application servers. The better products can accommodate both scenarios.

Financial Reporting

Senior Director Budgets (Treasury) reported that it was possible reporting requirements would change with the advent of accrual accounting. Currently only Government Business Divisions were required to report on an accrual basis. However, while the NTG was not pursuing accrual accounting and reporting, trends occurring outside of the Northern Territory's control may impact on the NTPS within the next two years.

KEY ISSUES

The following key issues were identified as requiring urgent attention:

- PIPS is nearing the end of its product life cycle. In addition, the customer base is diminishing and subsequently the cost of enhancements and upgrades will increase.

- PIPS is an inflexible system unable to cope with Award/EBA changes without reprogramming. As a consequence the level of automation reduces as the level of manual work is increases.
• PIPS is managed as an IT system rather than an organisational business system. Funnels of dislocated expertise residing in a variety of agencies and divisions of DCIS represent the diminishing knowledge of the system. As a result, along with its inability to accommodate changes without reprogramming, it is an underperforming system.

The environmental scan and the key issues, highlight the potential instability of the human resource information environment, which would compromise the capacity of HR to provide relevant and timely information for decision making.

The environment in which the evaluation took place featured:

❖ Poorly integrated HR and Finance system

❖ Increased management complexity within the industrial relations environment impacting on the administrative arrangements embedded in the information system.

❖ A culture in which owners of business systems, (in this case HR departments) appeared to avoid ownership of their business system.
CHAPTER 4

CASE STUDY RESEARCH PROCESS AND METHODOLOGY
PURPOSE

The purpose of this chapter is to discuss the process of Action Research, applied to the case study, description of the measurements and provide a chronological perspective and structure.

ACTION RESEARCH PROCESS

An overview of the process can best be presented using Frohman, Sashkin and Kavanagh’s (1976) model which describes Action Research as a cyclical model proceeding through several phases of research and action. These phases can be graphically depicted as such:

Selecting an organisation and establish a relationship

Data feedback to client system

Group analysis of data

Develop action plan

Group analysis of data

Monitor

Collect initial data

Collect further data

Develop a general plan

Evaluate
SCOUTING AND ENTRY

The scouting and entry phase of Action Research outlines the approaches and final negotiation that led to a mutual agreement with an organisation in which the Action Research took place. The key objectives of this phase were to obtain data about the organisation, to assess suitability for the research, and agree on expectations and commitment by management in the specific area of the organisation.

In the initial phase a number of organisations were approached to ascertain suitability and interest. Due to the size and predominant service industry base of Darwin the organisations, of reasonable size, that operate with in-house human resource management units or divisions are primarily in the public sector. As a consequence five organisations were considered.

Two of the organisations indicated that management commitment to the research may be limited and one considered it impractical due to their seasonal work and employment patterns. Of the two remaining organisations one indicated they were happy to assist, however, their HR department was extremely overworked due to changes within the organisation structure. The Department of Corporate and Information Services (DCIS) provided the greatest opportunity for discovery and change due to the high expectations placed upon it by the Government.

Initial approaches and discussion took place with the General Manager of Human Resources, who was familiar with Action Learning. The process that would take place with an Action Research Group was discussed as well as the fact there was a
lot of work to fulfil the expectations of government and the client agencies and that positive change would be considered closely by the senior executive of the organisation. During the negotiations the aim of the research was outlined including:

- Identify the risks and critical factors in HRM Departments operating in organisations.
- Study the role and function that HRM plays in the organisation
- The effectiveness and value of HR management information (and system)
- What HRM information is required for strategic decision-making
- How the HR department can use the information to assist the organisation achieve optimal business results.

A prediagnostic examination of the organisation indicated that the relationships with customers differed from agency to agency. This observation was based on anecdotes about the level of customer service ethic prior to November 1998 and employee attitudes including resistance to change and the sense of betrayal felt by some staff about their home agency’s decision to transfer them. It should be noted that to a major extent the decision to centralise services had been taken by a small core of senior executives and was not necessarily supported by all of the Northern Territory Public Service (NTPS) executives. This last observation raised a number of concerns for the General Manager regarding the level of commitment by the managers of client agencies to the success of the new department.

Within the services themselves there were varying degrees of skill in the disciplines, which was seen to be a reflection of the previous level of investment in training of corporate support personnel.
Whilst the Department of Corporate and Information Services had been formed with some financial targets, the Chief Executive Officer stated at the outset there were ‘no firm ideas or plans and that things would evolve’.

Research in this environment was based on the fact the vast majority of human resource management activity, for whole of government, resided within one agency. There was a high expectation placed upon this agency by both government and client agencies regarding the quality of service, advice and nature of improvements. This was the only government jurisdiction in the Australian public sector where this was happening.

The new department had not had sufficient time to develop its own corporate culture. However, groups of staff representing their previous departments appeared to strongly maintain their old practices and competed with other groups for dominance. This was evidenced by the adoption of operational procedural policies from a previous department unaltered. In some instances documentation still retained the previous department’s logo and so on.

From these observations it was noted that whilst there may be resistance to change there was an acknowledgment by all staff that change was high on the organisation’s agenda with an open commitment to it by all senior managers.

In the context of major change in all facets of the organisation the General Manager discussed his specific management dilemma revolving around the Personnel
Integrated Payroll System (PIPS), which is the primary source of HR information. He highlighted:

- Staff and client managers claim the system is 'unfriendly' and difficult to use

- Remote Entry Input (REI) is considered to have been of limited success (even though it provides the key opportunity for rationalising administration activity); and

- Managers claim that the system does not provide the information they need for decision-making.

The General Manager stated the provision of bureau services relied heavily upon effective use of PIPS and its ability to provide useful information. He considered the most critical task in the short term for the Action Research Group was to review PIPS and ascertain the basis for user perceptions and subsequently make recommendations to address the identified problems. It was specifically requested that all problems be supported by evidence.

It was negotiated the Action Research Group would comprise:

- An experienced salaries officer
- An experienced generalist HR officer
- A supervisory administrative officer
- A HR Manager (Workforce Planning).
- An Information Manager (experienced in HR requirements), and
• Two management customers from other departments (non HR backgrounds).

The composition of the group was considered to be an important decision enabling a direct link to client agency needs and views. This requirement also satisfied the host organisation’s need to demonstrate stakeholder inclusion.

RESEARCH HIERARCHY

The Research Hierarchy (Table 2) takes into account the chief researcher’s area of interest and the management dilemma. Some of the items within the table overlap because the process is reiterative. The management questions have a direct relationship to the discussions held with the General Manager. The Terms of Reference for the evaluation of PIPS were developed by the Action Research Group and submitted through the departmental process for approval. The Terms of Reference reflected the intention of answering measurement questions 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, and 2.7. The ability to answer these questions was seen as a priority by the General Manager because the effective usage and provision of quality information / advice was seen as pivotal to the emerging DCIS role of HR as a bureau service. For this reason, the addressing of these questions represented the first component of the research. The remainder of the measurement questions (2.7, 2.8 and 2.9) were answered as individual exercises.
<table>
<thead>
<tr>
<th>Measurement questions</th>
<th>Second Stage Data Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the stakeholder views of (PIPS)? (See 2.1 - Facilitation of Focus Groups)</td>
<td>What does the department’s executive believe the role/model of HR to be in the future? (See 2.8 - Structured Interviews with the Department’s senior executive)</td>
</tr>
<tr>
<td>How accurate and current is the existing data? (See 2.2 Random sample audit of 50 employees’ entitlements)</td>
<td></td>
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<tr>
<td>What is the current skills gap of HR administration staff? (See 2.3 - Multiple Choice Questionnaire)</td>
<td></td>
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<tr>
<td>Is the performance of PIPS being managed effectively? (See 2.4 - A Review of Performance Measurement Practices)</td>
<td></td>
</tr>
<tr>
<td>What are the major risks and costs associated with PIPS? (See 2.5 - Risk Analysis)</td>
<td></td>
</tr>
<tr>
<td>What is the cost of operating PIPS? (See 2.6 - Cost Analysis)</td>
<td></td>
</tr>
<tr>
<td>What HR information do senior customers (CEOs) of other departments need to add value to their business? (This is a broad / open search to determine interest and priority of HR as much as gaining the specific information). (See 2.7 Human Resource Management Information Questionnaire)</td>
<td></td>
</tr>
</tbody>
</table>
| Investigative questions | • How are HRMIS systems operating interstate? (See 2.9)  
• Senior HR Manager interviews (see 2.10)  
• How is HR viewed / valued in the NTPS compared with other states? (See 2.11 - Questionnaire) |
|-------------------------|------------------------------------------------------------------------------------------------------|
| Investigative questions | • What will the future HR role be?  
• What type of HR information will be required to manage human resource effectively and add value to organisations? |
| Research questions      | • How important is an information system to the role of HR?  
• Can the use and accessibility ('user friendliness') of the data be increased for management decision making?  
• Is the organisational role of HR - strategic or operational /transactional? |
| Management questions    | • Is the current system (PIPS) and data effective?  
• What are the major risks associated with PIPS?  
• Is Remote Entry Input (REI) efficient and cost effective with the current system?  
• Will the introduction of training address the perception of system unfriendliness? |
Management dilemma

| | • Staff and managers claim the Personnel Integrated Payroll System (PIPS) is 'unfriendly'.  
| | • Remote Entry Input (REI) is considered to have been of limited success.  
| | • Managers claim that PIPS does not provide the information they need for decision-making. |

DATA COLLECTION

The following information details the methodology for the data collection phase.

The reference numbers relate to the measurement questions identified in the research hierarchy.

(2.1) FACILITATION OF FOCUS GROUPS METHODOLOGY

The Action Research Group facilitated five focus groups over a period of two weeks. Participants represented all the regional offices of the organisation as well as key stakeholders and management representatives. They were structured in the following manner.

User Focus Groups

The participants of this focus group represented the department’s HR processing staff. The sessions targeted regular users of the PIPS System including employees from Salaries, Recruitment, Workers Compensation and Training and Development. The focus groups addressed general questions about access and use of support
resources such as help desk and training, how the system helped and hindered them, and their customers. All participants were offered the opportunity to make suggestions directly through the Research Group.

Focus Group Questions - User Groups - April 1999

A  What manuals are you aware of for your function and how useful are they?
B  What training have you received?
   How effective and relevant was it?
   How do you access training now?
C  Where or who do you go to if you have a problem?
D  What doesn’t PIPS do that you need it to do?
E  What does PIPS do well?

Management Stakeholder Focus Group

This group comprised managers from various client agencies. The second focus group was structured to target the major stakeholders of PIPS and consisted of discussions regarding usage and confidence in the system and its users. Stakeholders were asked to identify the advantages and disadvantages of PIPS from a management perspective.

Focus Group Questions - Key Stakeholders - April 1999

A  How do you use PIPS eg. On-line enquiries, management reports, data entry?
B  Is the information you get useful?
C  How confident are you in the integrity of the data within PIPS?
D  What do you need PIPS to do that it doesn’t currently do?
E  What does it do well?

F  Do you think your staff are competent users of PIPS?

PIPS Administrators and Departmental HR Managers.

The third group targeted the PIPS Administrators who represented the users of PIPS from an advanced operational perspective. Branch heads were included in this focus group with the intention of providing a broader insight into PIPS. Areas of discussion included usage and confidence in both the system and its users, audit procedures and advantages and disadvantages of PIPS.

Focus Group Questions - Administrators - April 1999

A  On a scale of 1 – 10 how would you assess the knowledge of PIPS by the users. Please explain your rating.

B  How do you access administrator training?
   How frequent is it?
   How relevant is it?

C  What audit functions do you perform and how frequently do you perform them?

D  What does PIPS do well?

E  What do you need PIPS to be able to do that it cannot do now?

F  How clean do you think the data is at any one time?

G  How well does PIPS interface with third party systems?
   What are the problems?

H  What is your role in relation to the integrity and security of the information?

I  What guidelines/documents are you using to assist you with administering PIPS?
(2.2) RANDOM SAMPLE AUDIT (OF 50 EMPLOYEES’ ENTITLEMENTS)

A random sample of 50 employee entitlements, including various classification levels, streams of employment, agencies and both genders, was selected to establish the accuracy and currency of their entitlements. In this context entitlements refers to allowable benefits of employment such as leave credits, allowances, penalty rates and so on.

(2.3) SKILL GAP / NEED ANALYSIS

As Part of the evaluation of the PIPS system, a multiple-choice questionnaire was designed to identify HR administrators’ skills gap in the Human Resource Division of the host organisation. The Action Research Group considered this necessary to either substantiate or dispel the view that personnel administering entitlements on the PIPS system were inadequately trained and failed to interpret the awards and Enterprise Bargaining Agreement appropriately. The questionnaire consisted of 15 questions in relation to the operation of PIPS, and 15 questions regarding the interpretation of awards, the Conditions of Service and the Enterprise Bargaining Agreement. Participation in the survey was optional.

The questionnaire was administered to 104 human resource administrative staff (of the 134 potential staff members). The questionnaire was authorised by the HRM policy body of the NTPS.
The information was analysed using Excel Pivot Tables and converted to a graphical report format. The information was sorted by:

- Work area
- Location permanent / temporary status
- Age groups.

The questionnaire is detailed below.

**TRAINING NEEDS QUESTIONNAIRE / SKILL GAP ANALYSIS**

Please circle the applicable group to which you belong in the following categories:

**Designation:**   AO1    AO2    AO3    AO4    AO5    AO6    AO7    AO8  

**Status:**        Permanent    Temporary  

**Age Group:**     Under 25yrs   26 – 35yrs   36 – 45yrs   46yrs and over  

The following multiple choice questions are an information gathering exercise to assist in identifying training needs for users on the PIPS computer system.

**TRAINING AND DEVELOPMENT**

1) How much time per week is an employee entitled to under Studies Assistance?

   - A  50% during personal time, 50% during work time
   - B  At the manager’s discretion
   - C  8 hours per week including travelling time
   - D  8 hours per week plus travelling time
2) Why do we record employee's Training and Development history?

A For NTG training expenditure reports
B For the staff member's resume
C To audit equal access by categories of staff to training eg. Admin, Technical, Professional etc
D We do not need to.

RECRUITMENT

2) How is a new employee's qualification checked to ensure that it complies with NTPS standards?

A NTPS qualifications handbook
B OCPE
C It is not necessary
D The supervisor

3) What is the minimum number of hours an employee can work part time in the Administration Stream?

A 14.42 hours per fortnight
B 35.45 hours per week
C Negotiable
D There is no minimum

4) What relocation entitlements are new permanent employees entitled to?

A Conveyance of a person, family members and reasonable household furniture and effects, OR an allowance determined by the CEO
B Anything at the manager's discretion
C The employee pays and then seeks reimbursement – maximum $10,000
D Conveyance of the person but household furniture and effects is at new employee's expense.

5) How long is the period in which an employee can appeal a promotion?

A 21 days
B 14 days
C None
D 10 days.
6) What proof is a non Australian citizen required to produce before being employed in the NTPS?

A Passport and Working Visa  
B Student Card or Drivers Licence  
C Not required  
D Bank account details

SALARIES

7) Are all administrative employee’s entitled to overtime?

A All employees  
B All employees except executive officers  
C All employees below AO8 level  
D At the manager’s discretion  
E There is no overtime.

8) When is a temporary employee’s first sick leave credit given, assuming no leave without pay?

A At 2 months of service  
B At 6 months of service  
C At 12 months of service  
D On commencement.

9) How do you know when an overpayment has occurred?

A When the manager rings to advise you that their budget is over expended  
B When an employee contacts you  
C When you run a classification cross check report  
D When you run a staffing report.

10) In accordance with By Law 10, Maternity Leave – 12 months option; Is the 12 weeks mandatory leave:

A Paid  
B Unpaid  
C Can be both  
D Paid out when employee returns  
E None of the above.
ESTABLISHMENTS

11) When changing the details of a position, what is used in PIPS?

A Temporary Transfer – Move to a Position  
B Nominal Move  
C Establishment Variation Advice  
D None of the above

12) How many times a year is an audit report run to check the accuracy of the establishments?

A Once a month  
B Never  
C What reports?  
D Every three months

13) Whose responsibility is it to check the accuracy of the DATA that has been effected by your establishment changes?

A Myself  
B My supervisor  
C Auditor  
D The effected area’s supervisor

OCCUPATIONAL HEALTH & SAFETY

14) Who has the duty of care in regard to Occupational Health & Safety?

A Your supervisor  
B Everyone  
C Occupational Health & Safety Branch  
D Work Health Authority

WORKERS COMPENSATION

15) When does a worker’s compensation recipient’s salary reduce to 75%?

A After 26 weeks  
B After 1 year  
C Immediately after injury  
D Never
GENERAL

16) What report is used to find out when an employee's increment is due?
   A basic details
   B Increment report (2160)
   C Staffing establishment report
   D None of the above

17) What can employees use Remote Electronic Input (REI) for?
   A Apply for various leave types
   B Staff transfers
   C Overtime
   D Update EEO details
   E Change personal details
   F Change next of kin
   G Enter training requests
   H All of the above
   I None of the above

18) What code does PIPS use to allocate monies to pay people?
   A Cost code
   B APPN code
   C Program code
   D All of the above
   E Other

19) What screen allows viewing of an employee's current leave balances?
   A Actual occupancy
   B View processed leave
   C View uptake leave
   D View salary/HAD records

20) What does PTR stand for?
   A Personal time recorder
   B Pay transaction record
   C PIPS Technical report
   D Other
21) What action code is used to process an employee's Recreation Leave Loading in the Processed Leave Screen?

A C  
B B  
C L  
D P

22) To get a list of current employees and their designation, which of the following modules is used?

A Recruitment  
B Reports  
C delegations  
D Personal Access

23) What PIPS function key lets you retain the employee's details you are looking at when you go to different screens?

A F8 (PF8)  
B F3 (PF3)  
C F4 (PF4)  
D F12 (PF12)

24) What action code is used to run a non urgent report during the day?

A B  
B W  
C X  
D R

25) What alias is used to look at a pay slip?

A Pay Slip  
B Payday  
C Pay  
D Payment
26) What function key is used to look at an employee’s structure code while viewing the Actual History Screen?

A  F3 (PF3)  
B  F7 (PF7)  
C  F13 (PF13)  
D  F8 (PF8) 

27) What function key is used when you want to enter another name while you are already in an area?

A  F2 (PF2)  
B  F3 (PF3)  
C  F4 (PF4)  
D  F8 (PF8) 

28) What is the most efficient way to search for an employee?

A  By AGS  
B  By surname  
C  By the first letter of the surname (eg “S” Smith)  
D  By using a question mark 

29) What action should you take immediately you find an overpayment after cut off?

A  Redirect pay  
B  Deduct overpayment from the employee  
C  Find out what happened  
D  Advise the employee
(2.4) REVIEW OF PIPS PERFORMANCE MEASUREMENT PRACTICES

A range of information was required from the mainframe system for trend analysis.

The specific performance measurement questions comprised:

- What has the usage and trend of Central Processing Unit Usage been over a minimum of 18 months?

- What has the recorded operational downtime been from the mainframe operator’s perspective?

- What has the downtime experience been of the users?

- What is the pattern of planned business interruptions?

- What is the trend of data storage billing over the past 4 years?

(2.5) RISK ANALYSIS

Methodology

A risk analysis was planned with two key groups:

- HR managers of the frequent users (HR processors)
The participants were asked to brainstorm the risks associated with the operation and usage of PIPS. Once these were identified the group agreed on the likelihood of the risk occurring (based on experience and perception) and then attributed an impact rating according to the agreed criteria.

The risk criteria was negotiated with the General Manager Human Resources and included:

<table>
<thead>
<tr>
<th>LEVEL OF RISK</th>
<th>RATE</th>
<th>EQUATES TO:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>9-10</td>
<td>Ministerial embarrassment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Front page media coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>%500,000 plus of unbudgeted cost.</td>
</tr>
<tr>
<td>High</td>
<td>7-8</td>
<td>CEO embarrassment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Media coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2-500,000 unbudgeted cost</td>
</tr>
<tr>
<td>Medium</td>
<td>5-6</td>
<td>Departmental embarrassment with multiple customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$50 - $200,000 unbudgeted costs</td>
</tr>
<tr>
<td>Low</td>
<td>3-4</td>
<td>Manageable irritation with a single customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10 - 50,000 unbudgeted costs</td>
</tr>
<tr>
<td>Negligible</td>
<td>1-2</td>
<td>Internal performance issue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&lt;$10,000</td>
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</tbody>
</table>

(2.6) COST ANALYSIS

A cost analysis of 4 contributing program cost centres, using standard cost classifications, was undertaken to determine the recurrent expenditure including unbudgeted expenditure.
(2.7) NTPS CEO QUESTIONNAIRE ANALYSIS

A qualitative questionnaire was designed to capture high level information about the expectations of chief executive officers in the client agencies. The questionnaire was sent to all NTPS CEOs to ascertain what type of information that would add value to their business as an indicator of the gap between what was typically provided and what was preferred. This approach to seeking input was also designed to be an indicator of the level of awareness of this issue in senior executive's priorities.

The two questions asked were:

Q How useful is the information provided to you from the PIPS system?

Q What human resource management information would add value to your business?

(2.8) STRUCTURED INTERVIEWS

Interviews were conducted with five senior executives of the host organisation.

The interviews were structured around the following questions.

- What do you believe are the hindrances to this model operating effectively?
- What do you believe the future role/model of the HR division should be?
- Do you see it as necessary for an internal HR division and why?
- What information do you require from HR for you to make informed decisions about your organisation?
SECOND STAGE DATA COLLECTION

(2.9) WHAT IS THE EXPERIENCE INTERSTATE

An interstate research trip was arranged to take into account experiences of several Government Departments in Tasmania, Canberra, and Brisbane. The purpose of the trip was to establish the experience of other departments with HR information and its overall role in the organisations.

(2.10) SENIOR HR MANAGER INTERVIEWS

The Purpose of these interviews was to explore further the organisation’s dynamics and their impact on HR decision making.

The questions included:

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much time do you spend explaining things that appear ambiguous to staff?</td>
<td></td>
</tr>
<tr>
<td>Can you give me some examples of paradox/ambiguity that you have experienced?</td>
<td></td>
</tr>
<tr>
<td>Can you describe the style of leadership in the HR division?</td>
<td></td>
</tr>
<tr>
<td>What do you think impacts / encourages /discourages this style?</td>
<td></td>
</tr>
<tr>
<td>What role does politics play in your management experience?</td>
<td></td>
</tr>
</tbody>
</table>
6. What proportion of time do you spend on creating positive perceptions as opposed to substantial results?

7. Are you conscious of how you make decisions? What things do you take into account?

8. What HR model do you consider would be the most effective?

9. What role do you think HR could or should play in the NTPS / organisation?

10. How important is an information management system to HR.

(2.11) HUMAN RESOURCE MANAGEMENT QUESTIONNAIRE

A research questionnaire was developed to assess CEO preferences, attitudes and / or practices in relation to the human resource management role and function within their organisation.

The questionnaire is based on previous research conducted by Storey 1995, which explored the differences between human resource management and personnel management. (Storey,1995 p35).

The Research Group, General Manager and CEO reviewed the questionnaire prior to their distribution to 297 CEOs in all Australian public services. A further 11 were specifically forwarded to HR managers in the Northern Territory Public Service to enable a comparative view between NTPS CEOs and NTPS HR managers. A Plain Language Statement and Consent Form was attached to each.
HUMAN RESOURCE MANAGEMENT QUESTIONNAIRE

Dear Sir / Madam,

Your input to this survey, which is part of a university research study, is considered valuable in efforts to understand and improve upon the role of human resource management in public sector organisations. Please refer to the Plain Language Statement and consent form, which is attached for you to sign and return with the completed survey.

While the questionnaire returns are confidential and anonymous, your consent form is retained separately on a data base as a requirement of the University Ethics Committee. Please tick the box provided on the first page of the questionnaire should you wish to receive the results of the survey.

When filling out the questionnaire please circle the number that most appropriately describes your opinion about the corresponding statement. A definition of the meaning appears at the top of each page. They are:

1 = Never
2 = Rarely
3 = Sometimes
4 = Often
5 = Always

Do not spend too much time on each question. Your responses should be based on your personal opinion.

Please return your completed survey and signed consent form by forwarding it in the enclosed, reply-paid envelope.

I look forward to your response form and thank you in anticipation for taking the time to participate in this survey. I assure you that all information provided remains anonymous and confidential.

Gillian Kay
Chief Researcher
HUMAN RESOURCE MANAGEMENT QUESTIONNAIRE

**ORGANISATIONAL ROLE:**
- CEO/Secretary [ ]
- HRM Manager [ ]

**JURISDICTION:**
- Australian Public Service [ ]
- Tasmania [ ]
- NSW [ ]
- Northern Territory [ ]
- Victoria [ ]
- South Australia [ ]
- Queensland [ ]
- Western Australia [ ]
- A.C.T. [ ]

**ORGANISATION SIZE:**

<table>
<thead>
<tr>
<th>Employees</th>
<th>Financial Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 99 employees</td>
<td>$0 - $ 999,999</td>
</tr>
<tr>
<td>100 - 999 employees</td>
<td>$1,000,000 - $19,999,999</td>
</tr>
<tr>
<td>1,000 - 4,999 employees</td>
<td>$20,000,000 - $40,999,999</td>
</tr>
<tr>
<td>5,000 - 9,999 employees</td>
<td>$50,000,000 - $99,999,999</td>
</tr>
<tr>
<td>10,000 - plus employees</td>
<td>$100,000,000 – plus</td>
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</tbody>
</table>

Please send me the results of this survey [ ]
QUESTIONNAIRE

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Our human resources unit / division administers access to training.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. Human resource management is best managed at the line manager level in my organisation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. There is a trend, in my organisation, towards using individual employment contracts.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. I involve the Human Resources Manager in all major strategic decisions affecting the organisation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. In my organisation’s position descriptions it is more important to detail an individual’s specific duties than describe the role the position plays in the organisation.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. In my organisation the performance appraisal system is integrated with other aspects of human resource management eg. training, succession planning, mentoring etc.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. I require a return rate on the financial investment in human resource preventative programs such as stress management courses.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
8. I can achieve better outcomes by using my personal networks than by using organisation procedures, for example with recruitment.

9. I consider my employee’s daily practices reflect the stated values of this organisation.

10. I spend at least 1 hour each week reading contemporary management literature.

11. I have an ‘open door’ policy with my Human Resource Manager / Director.

12. I maintain a close relationship with unions.

13. Knowing the knowledge and skills profile of my organisation is more important than having an accurate organisation chart.

14. I strongly encourage formal research to be undertaken by my organisation.

15. I value negotiation skills in my managers more than facilitation skills.

16. Managing the administration of the payroll is more important than the customer relationship between the Human Resource Unit and business managers.
17. I have established consultative processes to help manage communication.

18. I spend at least one hour per week walking around my organisation talking to staff other than my managers.

19. I place an emphasis on following policies and regulations in my organisation.

20. I am able to ascertain the tangible value of my organisation within 24 hours (including human resource liabilities).

21. An analysis of why employees leave this organisation has assisted in reducing recruitment costs.

22. The analysis of HR information strongly influences initiatives in the Enterprise Bargaining Agreement and/or Australian Workplace Agreements.

23. I consider reporting position occupancy to be more important than absences and turnovers.
<table>
<thead>
<tr>
<th>Question</th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>24. My Human Resource Manager spends more time managing transaction processing than leading change</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I take time out each week to reflect on what I have learned.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>26. I have practical strategies in place to capitalise on the organisation’s corporate knowledge</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**What human resource management information is critical to operating your business effectively and efficiently?**

---

**What human resource management information would add value to your business?**

---

**Any Other Comments?**

---

Thankyou
### RESEARCH PROCESS CHRONOLOGY

The chronology of the process included several phases that were applied including:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Timeframe</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1: Scouting</td>
<td>Feb. 1999 – Mar. 1999</td>
<td>Several organisations were originally approached with respect to appropriateness for conducting Action Research. The general plan was to conduct research to identify the nature of the relationship / role between the human resource management division and executive decision making. Inherent in this study is the type of information provided by HRM to the Executive Management Group and its perceived usefulness. In addition, the HRM information management system was a critical factor in the study. The general plan identified the need to find out what role Human Resource Management (HRM) played in the organisation and to what extent the HRM division could meet or exceed their information needs for executive decision making.</td>
</tr>
<tr>
<td>Stage 2: Entry</td>
<td>Mar. 1999 – Apr. 1999</td>
<td>The research required the identification of research group members and the development of a collaborative relationship</td>
</tr>
</tbody>
</table>
| Stage 3: Data collection | The research group planned:  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeframe:</td>
<td>• Focus groups to identify issues and problems / strengths and weaknesses.</td>
</tr>
<tr>
<td>Apr.1999 – Oct. 1999</td>
<td></td>
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</tbody>
</table>

| Stage 4: Data Feedback  | It was negotiated with the client that feedback would include a report in a suitable format and include recommendations for tabling to the Executive Management Group.  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeframe:</td>
<td>Feedback presentations were prepared for focus group participants, the sector wide HRM Forum and management boards. Whilst the report was available in June the presentations were not completed until August 1999.</td>
</tr>
<tr>
<td>Jun.1999 to Dec 1999</td>
<td></td>
</tr>
</tbody>
</table>

| Stage 5: Diagnosis     | The diagnosis of the results was conducted collaboratively with the Action Research Group using Senge’s Systems Thinking, (Senge,1992).  
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeframe:</td>
<td>Further data collection in the form of interviews and surveys identified the impact of organisation culture, decision-making processes and management styles. In addition a survey of CEOs regarding the role of HRM was disseminated to Public Sector CEOs Australia wide to determine generality of findings.</td>
</tr>
<tr>
<td>Jul. 1999 – Aug. 1999</td>
<td></td>
</tr>
<tr>
<td>Aug 1999 – Sep. 1999</td>
<td></td>
</tr>
<tr>
<td>Stage 6 &amp; 7: Action Planning</td>
<td>Action Plans were developed and discussed with the General Manager HR with a view to implementation. A number of recommendations at the strategic level required negotiation with the CEO and the Commissioner for Public Employment.</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Stage 8: Evaluation</td>
<td>A review of the implementation progress and results provides a report on the intervention outcomes.</td>
</tr>
<tr>
<td>Timeframe: Dec. 1999</td>
<td></td>
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</tbody>
</table>

(Frohman, Sashkin, Kavanagh, 1976)
CHAPTER 5
FINDINGS
CHAPTER 5
FINDINGS

PURPOSE

The purpose of Chapter 5 is to draw together and detail the findings of both data collection stages. The findings take into account the specific evaluation of the PIPS system, which underpins much of the HR function and the dynamics and the cultural impact on the division.

In general terms the most significant findings of the data collection analysis identified that:

- The organisation culture is power oriented and reactive

- Decisions are primarily intuitive and made on the basis of soft data.

- The information management system is principally for payroll and leave administration.

- The organisation’s systems are underdeveloped. As such, the supply / demand relationship between the organisation system and the information management systems are poor. (Information management systems are only as good as the organisation systems they feed.)
• Senior management’s recognition of, and/or commitment to, the role of contemporary HRM have compounded this.

• HRM is primarily a transaction-based service within the NTPS and as such does not have a strategic relationship with senior executives. This in part is related to the renewable supply of labour, which does not represent a critical resource.

• Culturally/historically IT systems have been the responsibility of technology specialists. The management relationship between HR and its primary business system is poor. Ownership of the system is essential to be in a position to provide customer service and accurate information.

• The HR division has a systemic learning disability:

  - The level of skills and knowledge within junior ranks is poor to average representing financial risk to the organisation

  - The level of skills and usefulness of HR managers is perceived to be poor to average and unable to fulfil a strategic role.
PIPS EVALUATION FINDINGS

FOCUS GROUP FINDINGS

It was identified that the support resources for PIPS users were of limited use, with staff having minimal access to manuals, training and people support.

Manuals

The few manuals that exist were described as not being user friendly, with information being difficult to find and often not providing sufficient detail. As a result, staff have been creating their own “cheat sheets” with referral to peers for answers.

Training

Users identified a high need for training, which is currently not provided. Previous training related specifically to functions (eg) the Staff Training & Development module, and was often rushed and incomplete.

People

Major issues were raised with regard to the lack of support available to users. Users often utilise the skills and knowledge of peers and workgroups as the formal support structure is incomplete or too time consuming. Comments were made that the help desk was often too slow to respond and as a result employees refer to experienced PIPS users for quick responses. Substantial volumes of queries are referred to the
organisation’s system administrators, highlighting the inadequate number of experienced users within the NTPS.

Knowledge

Two major forms of knowledge were identified as being significant for users to competently perform their duties. These elements were categorised into computer literacy skills, most specifically on the PIPS system and a knowledge and ability to interpret industrial awards and the Conditions of Service.

The views on user knowledge relating to PIPS system skills differed significantly:

- Regular users of the system rated user knowledge as average, rating at approximately 4-5 out of a scale of 10.

- Stakeholders and several branch heads perceived user knowledge to be reasonably high, rating it at approximately 7-8 out of a scale of 10.

The knowledge of industrial awards interpretation and Conditions of Service knowledge was rated by all to be reasonably high:

- Salaries and Recruitment staff were assessed as having high levels of knowledge of awards and Conditions of Service, with a rating of 8 out of a scale of 10.
Data Integrity

- Management Stakeholders felt confident of data integrity until the transfer of their HR staff to the new Department in November 1998, rating the data at 8-9 out of 10. However, they commented that their confidence level decreased from the creation of the new department.

- Branch heads and PIPS administrators rated the integrity of the system data between 5-7 out of 10. One reason for this lack of confidence in the data integrity is the knowledge that data is not up to date.

- PIPS user’s on the other hand rated their confidence in the data integrity to be low at approximately 4 out of 10, commenting on the fact that data is often manipulated in order for the system to accept it.

- The host organisation’s HR Managers felt that 75% of the data was correct and that the remaining 25% required modification.

Audit Functions

- PIPS administrators confirmed that PIPS audit functions are regulated by control documents, identifying audit requirements.

- Internal audit functions are completed. However, they have not been used recently due to high workloads.
• Users were not aware of audit requirements and the majority was not aware of the existence of control documents.

• Team Leaders and senior officers in the functional area were identified as the only users that had access to audit reports.

**Benefits of PIPS**

• Participant’s remarked that PIPS, as an HR system, was effective where employee circumstances did not vary from the standard Conditions of Service.

• Comments were made that PIPS was an improvement on the manual card system and generally performs satisfactorily in paying salaries.

• The introduction of PIPS has resulted in a decrease of paperwork and has improved the approval process and reduced the volume of forms being lost in the system.

• There are a range of opinions from managers and frequent users of the systems regarding its performance. In general, managers believe the system’s performance and accuracy to be higher than the frequent users believe. An example of this discrepancy includes stakeholders identifying the PIPS projection of Long Service Leave (LSL) as being a benefit. However, users identified LSL as a problem area of PIPS as it provide incorrect data in some circumstances.
Disadvantages of PIPS

PIPS is inflexible and does not readily allow for the various awards that exist in the NTPS. Some of the problems include:

- Some part-time employee conditions cannot be entered directly into the system; instead data is manipulated prior to being entered.

- The leave module does not accommodate family leave.

- Long Service Leave cannot be altered to take into account employees receiving Workers Compensation.

- Participants felt that most problems were a response to changing legislation, awards and Enterprise Bargaining Agreements. The parameters cannot be modified within PIPS without completing major program enhancements at a significant cost.

It is an incomplete system in that:

- Several available modules are not being used. These include Recruitment, Entitlements, Training & Development and OH&S.

- Areas like Worker’s Compensation don’t have a module available.

- Modules are not used largely because of their complexity and time constraints.
• The overall view of PIPS is that it is not user friendly, particularly for infrequent users, as a result employees are not using the system to its full capacity.

Diminishing confidence of data integrity and reporting facilities has resulted in:

• Individual areas creating their own databases and defacto systems rather than utilising information from PIPS.

• Reports are not often used, as accuracy of data is questionable.

• Management users objecting to the fact that specific report numbers are required to extract any data

• The data provided is often invalid or incomprehensible

• The reporting facility is not being used as often due to the time delay in receiving reports and difficulty in retrieving data.

Summary of Focus Group Findings

Users identified the reason for the development of inconsistent work practices, misinformation and bad habits being passed on was due to the limited support. This particularly applied to the lack of training in both Awards interpretation / Conditions of Service administration and PIPS system usage. Users recognised they are applying a method of learning by trial and error, which is resulting in modified procedures.
The modifications attempt to make the system accept information ensuring that pays can be processed.

Several issues of concern arose from participant’s comments. The first is that Treasury regularly accesses reports from PIPS using data that is not up to date. The second identified the lack of business rules/standard procedures and guidelines stipulating the work practices (including what is to be entered by whom, when and how) to ensure data is current and accurate.

Participant’s comments highlighted the fact that knowledge of audit procedures and requirements is minimal. Audit functions are not seen as a priority by users, partly due to a lack of understanding of their role. Participants confirmed that at the time of the focus group no audit/control functions were being performed due to workloads. Team leaders and certification officers only can access audit reports for the purposes of amendments.

Overall, each focus group perceived PIPS as being beneficial in providing quick access to information regarding their individual salary details and personal history. These modules were described as being reasonably user friendly for frequent users.

The majority of system deficiencies identified by all three focus groups are connected to lack of training and speed/response time in relation to mainframe performance.

The specific disadvantages raised by the focus groups’ participants were due to the system’s inflexibility and difficulty of use. Poor management reporting in terms of
timely accessing the correct report, being able to interpret it and the waste of paper involved was a major concern by all parties.

**ACCURACY AND CURRENCY OF HR DATA**

The highly selective audit (random sample of 50 employees’ entitlements) was considered to be another problem symptom and represented one jig-saw piece in the overall picture of the organisational dynamics. It was of significant concern that the information was easily ascertainable by supervisors and managers within the HR area but had not previously been accessed or assessed on a regular basis.

**SKILLS GAP / NEEDS ANALYSIS QUESTIONNAIRE**

The following results of the PIPS / Interpretation of Awards Skill Gap Analysis is summarised:

<table>
<thead>
<tr>
<th>Functional HR stream</th>
<th>Average No. Correct Answers</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>64%</td>
<td>.27</td>
</tr>
<tr>
<td>Recruitment</td>
<td>63%</td>
<td>.28</td>
</tr>
<tr>
<td>HR Other</td>
<td>62%</td>
<td>.24</td>
</tr>
</tbody>
</table>

The level of skills and knowledge in the human resource administration area is less than adequate for the function the area is expected to perform.

The highest proportion of staff using the PIPS system is employed at junior classification ranges: AO1 and AO2. Whilst there is mix of maturity, the highest
proportion are under twenty five years of age. The experienced staff (AO4) represent the supervisory level. While this is not an uncommon profile in a processing environment, additional indicators are present:

❖ Younger staff leave because they cannot cope with the pressure and abuse from disaffected payees.
❖ The unit is under pressure from staff turnover and the high proportion of trainees at any one time
❖ Low level Awards and the Conditions of Service knowledge leading to mistakes in pay
❖ Additional workload for supervisors due to recruitment demand
❖ Lack of formal training for use of the system
❖ No formal training programs for Awards interpretation and Conditions of Service.

Following this result the Group sought financial information about the level of unrecovered salary over-payments; another performance indicator. It appears that on average per year this amount reaches a seven digit figure, representing a considerable loss. The information provided the Action Research Group with evidentiary support for many of the comments offered by the User Focus Group. This factor demonstrated that the confidence rating given by the Management Stakeholder Focus Group and the HR Branch Heads Focus Group was considerably overestimated.

It should be noted that the functional area for delivery of PIPS training and Interpretation of Awards training was located in the finance division and previously
outside the authority of HR units. Upon investigation it was found that the area was not familiar with training needs analysis nor was management familiar with human resource management imperatives.

PERFORMANCE MEASUREMENT PRACTICES

The review team concluded that PIPS has evolved to a considerable extent through committee management. The dislocation of essential expertise and a lack of business ownership by HR management has reduced the ability of executive management to ensure a holistic, business management approach to the system.

Central Processing Unit (CPU) Usage statistics have been analysed demonstrating an increased trend which is forecasted to continue.

In July 1997 PIPS used 47,234 CPU. By July 2000 PIPS is forecasted to use 1,400,000 CPU. Investigations into the reasons for the increase pattern revealed that different and unconnected events occurred approximately every two months (PIPS Evaluation Report attached at Attachment 3). The probability of this recurring is
high. The net result being a continual requirement for mainframe capacity upgrades.

Mainframe business interruptions over a twelve-month period in 1998/99 averaged 66 minutes per month. It represents a productivity loss of approximately $5,700 per month.

Operational downtime, determined by user survey, estimates lost productivity at $31,000 per month.

Business interruptions during the working week due to maintenance and upgrades of PIPS have not occurred to date. All upgrades and maintenance occur on weekends.
Mainframe performance has been difficult to quantify, due to the way data is stored. In order to assess the identified information it was necessary to run 3,050 tapes from migration at a rate of 1,525,000 megabytes and 21 days of operational time.

On the basis of the cost / benefit the information was not retrieved. However, it does highlight that suitable and summarised information is not being kept on performance of mainframe systems for evaluation and audit purposes.

The specific performance indicators considered as part of the evaluation included:

- Central Processing Unit usage rates per month compared over time
- Data storage costs per month compared over time
- Business interruption rate per month compared over time
- Frequent user error rate per month compared over time.

Collecting performance data proved difficult in that no one area monitored the overall performance of the system. Certainly, the technical area was able to compile
some data upon request but with considerable difficulty as some of it had previously
not been requested and had to be extracted manually.

Whilst the Group was interested in specific performance information it was more
interested to understand the overall management system of PIPS. The Action
Research Group considered that PIPS had evolved to a considerable extent through
committee management with no clear or strategic direction for management or
development of the system. To some degree this has been in response to the need for
consultation between the vendor, the system administrators and the agency based HR
managers. However, it appeared that the sense of ownership and responsibility had
dissipated. The committee has no direct authority for the funding or line
management of the system. The dislocation of essential expertise and a lack of
business ownership by HR management had reduced the ability of executive
management to ensure a holistic, business like approach to the system.

The risk analysis provided further support for some of the information offered by the
focus groups. Whilst a risk analysis is subjective, it identifies concerns about the
level of support and understanding of its requirements as an organisational system. It
was the view of the Group that PIPS is used primarily as a transactional processing
system with little regard for management reporting requirements other than those
concerned with financial reporting of personnel payments.

SYSTEM COSTS

The collection of cost information proved to be difficult. The expenditure for a
number of elements of PIPS maintenance was spread across a range of programs.
There was little evidence of any one area monitoring the overall budget and expenditure in the system. The true PIPS operating cost of $12.4M to administer 17,5000 employees' entitlements represents a cost of $709 per person per year. The cost was a surprise to the majority of senior executives, who were provided with the report. The Action Research Group considered that the unawareness of the costs together with the level of risk represented a major management issue that needed to be addressed.

A full breakdown of the costs over 5 years is attached at Appendix 5

PIPS EVALUATION CONCLUSION

The results of the evaluation provide an early indication that the Human Resource Management division may have a systemic learning disability.

"It is no accident that most organisation learn poorly. The way they are designed and managed, the way people's jobs are defined, and, most importantly the way we have all been taught to think and interact (not only in organisations but more broadly) create fundamental learning disabilities. These disabilities operate despite the efforts of bright committed people". (Senge, 1992 p18).

There was ample anecdotal evidence that the poor performance of PIPS has been in situ for some time without major operational disruption to salaries payments. The evidence suggests the original management expectations of the system were short sighted, which led to an implementation that was generalised, incomplete and not maintained.
International literature indicates the preferred model for HRM is changing. This has occurred not only with policy and legislative changes but with the enablement of technology. The shift in focus is best shown by the model depicted below.

<table>
<thead>
<tr>
<th>TRADITIONAL MODEL</th>
<th>CONTEMPORARY MODEL</th>
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<tbody>
<tr>
<td>Strategic Development</td>
<td>Analysis</td>
</tr>
<tr>
<td>10%</td>
<td>60%</td>
</tr>
<tr>
<td>(Where do we want to be)</td>
<td>(Where are we now)</td>
</tr>
<tr>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>(Where are we now)</td>
<td>(Where have we been)</td>
</tr>
<tr>
<td>60%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Figure 5 The Changing HRM Model
(Adapted from PeopleSoft 1999)

While individual opinions indicate a preference for the contemporary model, the existing approach appears to reside within the traditional model, the majority of effort focusing on the processing functions of payroll, establishments and recruitment.

This can be examined further by asking the question 'What adds value?' Certainly, if we consider the knowledge hierarchy in figure 6 efforts predominantly focus on processing. Minimal effort, by comparison, is invested in transforming the data and information into business knowledge and wisdom otherwise referred to as business intelligence.
As a case in point, considerable (NTPS) organisational effort goes into reconciling people to positions; both actual and nominal. Yet organisation charts are rarely more than 80% accurate at any one time. Conversely, the collection of skills and training data has the potential to be transformed into business intelligence. By matching staff skills to jobs for redeployment and project purposes organisations can build an appropriate skill's base and minimise recruitment timeframes and costs. Currently, training and development information is recorded in the Staff development and Training module of PIPS as well as numerous alternative third party systems, for the purpose of reporting training costs and distribution. Thus demonstrating the traditional model of HRM.

A brief survey to CEOs indicated that their information expectations are consistent with the traditional model, as is the service provided by HR practitioners.

A recent whole of Government review, conceptualised that the HRM emphasis should be streamlined by centralising administrative support in one agency. However, the HR expertise is held within the traditional model. Certainly the literature outlines the benefits of decentralisation, yet the dependency that has developed over the years on both finance and HR units of the public sector means...
that a change management process is required to achieve the desired outcome. The change would not only need to address the existing skills gap but refocus the role of HRM to the contemporary model.

A central theme throughout the PIPS evaluation, both in terms of the focus groups and the risk analysis, was the lack of ownership of the system by HR managers. The report highlights the 'mind set' gap between IT specialists and HRM business managers. As a cultural issue this can be understood by reviewing the historical development of information technology in the NTPS. It should be noted this is a global experience.

The IT industry has been developed by the technical experts who further enhanced their intellectual capital and property by working together, in relative isolation from their intended customers. In addition, the adoption and development of their industry based jargon virtually ensured the ownership and management of systems remained within the bailiwick of the technical experts. On the other hand, business managers, and in this case HR managers, appear to have either been comfortable with, or alienated by, the arrangement leaving it to the IT experts to resolve business systems problems.

The evaluation bore this evidence out. However, the cultural issues remain. In general, business managers have an insufficient understanding of information technology, and their own system in particular, to achieve cost effective business solutions. This can be demonstrated by the following figure:
Recent reviews in the NTPS have been directed at positioning the Northern Territory jurisdiction for development. The issues above have been discussed in the context of impediments to that development. Leading edge performance cannot be achieved unless managers transform human and technological capability into business results.

**NTPS CEO QUESTIONNAIRE ANALYSIS**

The questionnaire was forwarded to 33 CEOs across the NTPS. The Action Research Group was unable to ascertain whether there had been a deliberate decision to pass on the questionnaire to more junior members of staff or whether this had occurred as part of the mail sorting delegation within the organisations. Whilst the information itself was not particularly useful it did provide an indication of the level
of priority that Human Resource Management enjoys in the public service as a whole.

SECOND STAGE FINDINGS

STRUCTURED INTERVIEWS

Interviews were conducted with five senior executives of the host organisation. A particular request was made to ensure that their identities remain anonymous.

The interviews were structured around the following questions:

*What model of HRM would you like to see operating?*

Without exception all of the interviewees considered there should be a more strategic HR role in the public service. One interviewee particularly commented “I’m tempted to say that it is not necessary because no one is doing it. We should be drawing a link between HR and business outcomes”. The situation, therefore, suggests that it cannot be a real need. There was also a view the processing function could be transferred to a bureau service in the private sector with minimal effect on service delivery to managers and employees. However, there were political considerations to be taken into account before that decision could be taken. Another interviewee commented “I don’t have a clear view, although I prefer the contemporary model. But, we do what we do because we don’t have good, enabled practitioners to do it”.
What do you believe are the hindrances to this model operating effectively?

There was an acknowledgment that the current role and prime capability of the division was at the operational level and focussed on administration of payroll, leave, establishments, entitlements and training. It was significant that their view of HR practitioners was poor to very poor;

"they have grown up in an environment that emphasised rules and regulations. Whilst some agencies in the service have ‘real’ workforce planning the standard of advice is poor because the majority of the HR staff are well meaning people that have come from health backgrounds. Often they are unable to give practical advice about immediate issues such as breaches of discipline."

Do you see it necessary for an internal HR division and why?

Interviewees’ opinions differed slightly on this issue. The most radical view considered that the majority of HR services could be outsourced to a bureau service provider - with a lot less trouble. However, an alternative view was there would always be a need because despite the intent that the operational line managers should be doing HR. History demonstrates that the outcome of line management undertaking HRM would be patchy. There would always be a need for someone to drive it. “Whilst the Commissioner argued that the line managers must pick it up the ability of those people (to manager HR) various enormously; some people do it well other have non existent skills.”
The comment that “senior executives don’t know what they don’t know” (in respect of HRM) was raised several times. However, a contrary view that the CEOs did know a great deal about HRM was offered with the additional comment that it was the next level down that had the greatest difficulty with HRM. This was because they had been promoted from a technical specialist base and HRM was outside of their usual experience.

*What information do you consider necessary for HR to supply organisations to make informed decisions about organisations?*

One of the interviewees stated “the service needs strategic analysis of information, such as what sort of people and skills do we need, what are the cultural issues to be addressed and what are the gaps in our policies preventing us from achieving targets?” All interviewees stated professional development and comparison of payroll expenditure to budget analysis.

Each of the interviewees provided open and frank information. However, a number of them stated the need for strict confidentiality of their opinions and participation including members of the Action Research Group.

**THE HR EXPERIENCE INTERSTATE**

The Group considered that the drivers for other organisations to purchase new systems were not strategic business based decisions. In the majority of cases it was
external imperatives (eg. their pay processing would no longer be available) that forced the move.

Almost without exception the organisations have focused on putting the operational elements in place first and delayed the management reporting capability, which offers the greatest opportunities for strategic decision making and cost savings.

The Group considered that in a well-planned implementation the strategic components should be planned. Firstly for implementation ensuring the best downstream gains are achieved once the operational data is flowing. Failure to focus on this level of information will diminish the ability to plan effectively and deal with the more commercial issues driving down from globalisation. Without a system to meet the requirements of Government Business Divisions and due diligence exercises HR will continue to operate, to a significant extent, manually.

**SENIOR HR MANAGER INTERVIEWS**

The majority of comments made by interviewed HR managers indicated that much of their learning effort has been about ‘how to survive’. Additional comments referred to staff being on a steep learning curve, which primarily related to their need to adjust to altered work patterns and group dynamics.

During the past twelve months, limited general or specific training has taken place for HR staff. Also, there is an irregular pattern of staff participation in meetings and planning sessions. In addition, the Performance Management and Assisted Study policies have languished, as low priority items in the policy development process.
The development of learning is primarily focused on the delivery of training, which appears to be disciplined by managerial prerogative.

An HRMIS was considered essential by all senior management interviewees (those managers responsible for functional HR activities). The interviewees at the senior executive level were not as emphatic in their view on the requirement for HR information.

Comments made by senior managers ranged from:

❖ 'It (information) is essential if you want to take on a strategic role or make objective decisions you require a dependable source.'

❖ 'Its extremely important. However, I only use the current system for my personal use for pay and leave details or for signing off staff leave.'

❖ 'I rarely use system data for making decisions. I rely on judgement information (soft data). A lot of decisions you have to make; there is no data for.'

❖ I use my experience, knowledge of (organisational) systems, people and networking contacts to make decisions. I use statistics to reinforce the decision.'

❖ I like to use hard data. The only problem is that it often reveals that people have either been lying or working on false assumptions for years.'
‘Often the time constraints has meant that only ‘quick and dirties’ could be produced. I would like to go back and spend more time validating the information.’

Managers reported they were translating ambiguity to staff enabling them to maintain a focus on their work. In one instance a manager stated that it was not uncommon for the HR managers to suppress information to avoid conflict or upsetting staff.

Other interview responses to questions about the culture and dynamics included:

- Female managers reported being left out of the ‘boys club’. “They switch off if you get passionate about an issue and think your getting emotional”.

- All HR managers reported that the leadership of the HR division was directive, authoritarian and reactive. Managers stated that there was little ability to be innovative or strategic; the majority of the effort was reacting to demands from customers and the leader(s) of the organisation. All expressed discomfort at the thought of communicating bad news up the line because of the expected response.

In reflection, it appears questionable whether the marketed advantage of a sophisticated HRMIS, which enables transparency, accountability and provides valuable analytical tools for strategic planning purposes, would be utilised to the extent it was intended. The high levels of paradox and ambiguity appear to rely more on decisions made using soft data. Notwithstanding this, there can be limited accountability if there is no reliable information or hard data.
CHAPTER 6

RECOMMENDATIONS
CHAPTER 6
RECOMMENDATIONS

PURPOSE

The purpose of this chapter is to highlight the recommendations submitted to the General Manager Human Resources together with the specific strategies, objectives and action plans, based on the findings determined in Chapter 5, for management endorsement and implementation. In addition, this chapter provides discussion about the feedback to the General Manager HR and his response to the findings and action plans. The chapter concludes with Strategy Reports outlining the status of the action plans at the conclusion of the research.

RECOMMENDATIONS

Organisation:

It is recommended that:

• The organisation negotiates with the Office of the Commissioner for Public Employment to:
  
  • Weaken the leverage of the 'Control Limiting' condition by redefining the HR gap with customer agency CEOs;

• Facilitate a workshop for senior executives to raise awareness of the strategic human resource management issues facing the NTPS.
- That the senior executive management revisit the corporate plan with a view to achieving a balance between the visible and invisible operating environments and acknowledge the demands of paradox and ambiguity.

The Role of Human Resource Management

- Prepare and implement a management development program for HR practitioners that incorporate general business management skills to improve their ability to add value to the bottom line.

- Implement a traineeship for operational HR staff that incorporates Awards interpretation and the use of the PIPS system. All new staff should undergo the training before going on line and existing staff be assessed with a view to doing components of the program as a refresher course.

Information and Decision Making

- Develop and implement a corporate governance model and framework to improve the robustness and management of organisation systems.

- Prepare a business case, which seeks approval to procure an alternative HRM information management system.
• Restructure the PIPS management function to form one program with a single budget under the management of an HR Manager. This is a cultural shift but a necessary one.

The structure should contain:

• A strategic system management function
• An audit function
• Help desk
• Training function.

The performance of the system should be monitored through the use of performance indicators to be negotiated with the General Manager. They should include:

• Central processing Unit usage rates per month compared over time
• Data storage costs per month compared over time
• Business interruption rate per month compared over time
• Frequent user error rate per month compared over time.
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<th>STRATEGY</th>
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<tbody>
<tr>
<td>1. Align the visible and invisible organisation environments to the defined needs</td>
<td>1.1 Refine the HR Gap</td>
<td>1.1.1 Commissioner PE facilitates a workshop for CEOs to define the appropriate level of products and services to meet the gap in human resource management.</td>
<td>CEO/General Manager of HR</td>
<td>February 2000</td>
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<tr>
<td>1.2 Revise the corporate plan to reflect the nature of customer needs, the environment and culture more appropriately.</td>
<td>1.2.1 Provide research feedback</td>
<td>Chief Researcher</td>
<td>December 1999</td>
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<td>1.2.2 Propose facilitation of the planning retreat.</td>
<td>Chief Researcher</td>
<td>December 1999</td>
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<tr>
<td>1.3 Develop and implement a corporate governance model</td>
<td>1.3.1 <em>Develop the model</em></td>
<td>Chief Researcher</td>
<td>November 1999</td>
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<td>1.3.2 <em>gain approval from management board.</em></td>
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*The remainder of the tasks are outside the scope of the research.*
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<tr>
<td>2. Improve the ability of human resource management practitioners to add value to the bottom line of NTAP organisations.</td>
<td>2.1 Prepare and implement a development program for HRM practitioners to incorporate general business management skills (particularly financial).</td>
<td>2.1.1 Design and cost program</td>
<td>Project Leader</td>
<td>December 1999</td>
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<td>2.1.2 Seek approval</td>
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<td><strong>Achievement of the remainder of the tasks are outside the research boundaries</strong></td>
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<td>2.1.3 Deliver training</td>
<td>HRD Consultant</td>
<td>June 1999</td>
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<td>2.1.4 Evaluate training</td>
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<td>2.2</td>
<td>Develop and implement HR traineeship</td>
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<td>2.2.3 Implement</td>
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<td>3.</td>
<td>Implement a more efficient and effective HR management system</td>
<td>3.1 Review the human resource management Business Rules to streamline workflows and practices.</td>
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<td></td>
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<td>3.1.1 Develop Terms of Reference for Review of Business Rules Project.</td>
<td>Project Leader</td>
<td>13 September 1999</td>
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<td>3.1.2 Negotiate for agencies' to nominate stakeholder / project managers.</td>
<td>Project Leader</td>
<td>08 October 1999</td>
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<td>3.2</td>
<td>(In the short term) Amalgamate the PIPS management functions into one program with one budget line.</td>
<td>3.2.1 Amalgamate group &amp; co locate</td>
<td>Business Unit Manager</td>
<td>November 1999</td>
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<td>3.2.2 Develop Performance Indicators</td>
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<td>3.2.3 Establish a training function within the group</td>
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<td>3.2.4 Develop an archiving strategy</td>
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<td>3.2.5 Undertake a comprehensive audit</td>
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<td>3.3 Prepare a submission seeking approval to procure a Human Resource Management Information System</td>
<td>3.3.1 Prepare a business case and Cabinet Submission for approval to purchase an HRMIS</td>
<td>PIPS Evaluation Team</td>
<td>October 1999</td>
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<td>3.3.2 Consult with DCIS customers about issues and business case.</td>
<td>Project Leader</td>
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<td>3.3.3 Pending decision, prepare project plan for procurement and implementation.</td>
<td>Project Leader</td>
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STRATEGY IMPLEMENTATION REPORTS

On the commencement of the implementation phase there was an overwhelming sense nothing would change; that the organisation politics and individuals' unconscious need to 'win and not lose' (Aygaris, 1971c) would prevail. The following information reports the status of the implementation phase as at December 1999.

Strategy 1: Align the visible and invisible organisation environments to defined needs

1.1 Redefine the HR Gap

The recommendation to redefine the HR Gap was considered by the HR General Manager to be appropriate in the light of the research findings. However, he also considered that the recommendation should be made to the Commissioner for Public Employment.

The recommendation was duly discussed with the Commissioner 28th November 1999 for consideration.

1.2 Revise the corporate plan to reflect the nature of customer need, the environment and culture more appropriately.

The General Manager Human Resources responded that this also was probably appropriate. However, he considered it highly unlikely that the recommendation would be acted upon.
1.3 Develop and implement a Corporate Governance Model and Framework

- It was agreed as part of the research that the Action Research Group would develop a model and framework for Management Board approval. The model would include the linkages between:

- The department’s relationship with customers, suppliers and Parliament
- Planning
- Measuring
- Evaluating
- Feedback

In addition, the framework would support the model by identifying tasks that belonged to specific elements.
Figure 8 depicted above outlines the proposed corporate governance model for the department. The proposed model demonstrates the interrelationships between planning, measurement, evaluation, auditing, and customer feedback. Supporting the model is a framework and brief explanation of the elements of the model.
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**CORPORATE GOVERNANCE FRAMEWORK**
INTRODUCTION

In recent years there has been a shift in the focus of public sector management. This has led to a more customer-focused approach, concentrating on results and benefits for service recipients together with a high degree of efficiency and accountability. This Department has put in place a Corporate Governance Model and framework to plan, evaluate, monitor and report achievement of goals/key result areas as well as coordinate the customers' views of the department's services.

The Department's framework and cycle reflects Performance Management Principles comprising:

- Budget Papers (No2)
- Corporate Plan
- Corporate Strategies
- Business Plans
- Internal audits
- Service Level Agreements
- Supplier contracts
- Personal Development Plans
- Program evaluation and review
- Monthly management reports
- Quarterly performance reports (indicators)
- Quarterly customer reports
• Annual Report
• Customer surveys

The charts attached at the end of section 1 depict the cycle.

Attachment 1: Key activities of the management cycle
Attachment 2: Timetable of Activities in the management cycle

PLANNING

BUDGET PAPERS NO. 2

The budget papers are a collection of published document outlining the planned deliverables of Government and the allocated budget.

Budget Paper No 2 specifically outlines the outcomes and outputs to be delivered by each agency and their agency budget. Budget Paper No 2 and the Corporate Plan are closely aligned.
CORPORATE PLAN

The Corporate Plan is prepared in alignment with Budget Paper No 2 following a scan of the environment in which the Department is operating and the needs of customers, stakeholders and employees. The Plan outlines the outcomes, outputs and the strategies the Department has set itself over the next twelve months and provides a strategic framework to guide major efforts and key result areas.

CORPORATE STRATEGIES

The corporate strategies comprise HRM and HRD strategy, the Information Management Strategy and the Agency Budget.

These strategies reflect the Department's policy and flesh out in more detail outcomes or outputs identified in the Budget Papers and the Corporate Plan.

BUSINESS PLANS

Business plans are prepared by business units detailing what will be delivered to achieve the Corporate Plan, how it will be delivered and who will achieve it. They contain three major elements:

• A high level plan
• Action plans
• Resource management plans (ie. people, dollars and equipment)

Business plans ensure:

Better program management: plans document what initiatives and service improvements will be developed and implemented.

Better accountability: plans document how, who and when improvements or initiatives will be implemented, at what cost and how their successes will be measured.

Better and more informed decision making: plans document a range of information which outlines the intended achievements of the program and their contribution to the corporate goals and Whole-Of-Government initiatives.

Better resource allocation: plans provide executive management with a major source of information upon which to decide the allocation of resources between existing and new programs.
PERSONAL DEVELOPMENT PLANNING (PDP)

The Department’s PDP has been designed to assist in clarifying roles and expectations, establish performance targets and generally assist in the management of individual employee performance. PDP is also used to plan priority training and development programs to enhance individual performance. The Program enables individual efforts to be closely aligned with the Corporate Plan and objectives of the Department.

SERVICE LEVEL AGREEMENTS (SLAs)

SLA’s are negotiated between a customer agency and DCIS and represent the services required and how they will be delivered. The agreement is signed off at CEO level and provides a focus of achievement of all DCIS staff.

SUPPLIER CONTRACTS

Supplier contracts represent a plan of the goods and services to be supplied by external organisations to DCIS for the fulfilment of DCIS commitments. Each contract is subject to performance monitoring in the same way that DCIS monitors its own performance. DCIS is accountable for ensuring probity of the procurement process across government and that suppliers fulfil their specific contracts with DCIS.
The Corporate Governance group is responsible for working with business units to monitor supplier performance.

MANAGEMENT REPORTING

In order to assess the effectiveness of the Department’s planning efforts it is important to continually monitor performance. Each business unit reports monthly to their Divisional Head. The report highlights the key objectives of a unit’s programs and the progress towards achieving these objectives.

Reporting criteria is as follows:

- Monthly reports of activities
- Quarterly performance indicator reports.
- Customer reporting

The customer agency receives a customer report each quarter outlining the achievement of the agreed services and how well they were delivered. Performance indicator reports are included and measured against the standard benchmarks. The customer reports go through a quality control check by the Corporate Performance Group before being sent to agencies.

(The performance indicators are also fed into internal audits, program evaluations and the Annual Report process.)
CUSTOMER SURVEYS

An annual customer research exercise is undertaken with customers to assess the quality of the services provided and if customers' needs and expectations are being met. The Corporate Performance Group co-ordinates the annual survey. Feedback from customers is included in the Program Evaluation process, Annual report and, where relevant, internal audits.

PROGRAM EVALUATION

The Auditor General, under S15 of the Audit Act may conduct an audit of performance management systems to determine if ‘the agency can assess whether its objectives are being met economically, efficiently and effectively’.

An evaluation is required of each program once every three years to:

- assess whether or not the program goals are an accurate representation of the Department's planned outcomes and the Government's objectives
- measure whether the program is successfully achieving the outcomes
- Access whether or not the program is still required
- Assess whether program delivery should be in-house or outsourced.
Program evaluation is an essential element of the planning process undertaken by a team of people (usually about four) one of whom should be a customer. There are four types of evaluation: Appropriateness, Effectiveness, Efficiency, and Cost Effectiveness.

INTERNAL AUDIT

The Internal Audit Committee, chaired by the CEO, establishes and reviews an annual schedule of audits within the Department, which balance the triennial performance evaluations, by examining specific activities within or across programs. All established performance indicator results, benchmarks and program evaluation reports can be used in the audits.
DEVELOPMENT OF PERFORMANCE INDICATORS

Performance is how well we do our business – if we operate in a strong and robust manner then, we will continue to function and grow with our customer base.

A major obligation to customers and stakeholders is to deliver agreed services in the most efficient and cost effective way. Therefore, we measure:

- Effectiveness (relates to how well we carry out our programs in term of the planned outcome)

- Efficiency (measures describe how well we use the resources available to us in achieving the program outcomes)

- Cost effectiveness (measures how well we used the funds available to us to undertake our programs).

The information, collected each quarter to provide a trend, demonstrates:

- The effectiveness of operational decisions in terms of efficiency and relevance of outcomes

- That customer needs and expectations are being catered for
• Identification of gaps in the quality of our performance

• Achievement of outputs and outcomes to executive management so that the strategic planning process is enhanced

• The need for improvements to our planning and evaluation processes

• Workload priorities for our planning and evaluation processes

• Workload priorities for business units and work groups

• Whether appropriate resources are being applied to specific tasks or areas.

ANNUAL REPORT

The Annual Report is a statutory requirement informing Parliament and taxpayers of our planned outcomes, achievement and financial statements.

The report includes the results of many of the performance monitoring and evaluation tasks conducted throughout the year.
ROLE OF THE EXECUTIVE IN THE PLANNING PROCESS

It is the role of the Executive to monitor the internal and external factors, which make up the overall operating environment of the Department and initiate actions and decisions as developments warrant. Monitoring of individual units, and corporate performance against targets and directions is another significant element of the monitoring role.

ROLE OF THE DIVISIONAL MANAGEMENT TEAM

It is the role of the Division Heads and their Program Managers to ensure that the Corporate Plan is translated into effective Business Plans and manage the IT implementation.

Of increasing importance is the level of staff participation in the planning process. The divisional management team is responsible for ensuring that opportunities for participation are offered to staff.

The draft was endorsed by the sponsor and the General Manager Finance and submitted to the Management Board for approval for implementation. The model received a positive response. As at December 1999, it had not been implemented.
Strategy 2  Improve the ability of human resource management practitioners to add value to the bottom line of NTPS organisations.

2.1.1 Prepare and implement a development program for HRM practitioners to incorporate general business management skills into their operational requirements and frame of reference.

A program designed to expand the HR managers’ frame of reference was submitted to the General Manager Human Resources following feedback about the research findings. The proposed program is outlined below:

**MANAGEMENT DEVELOPMENT PROGRAM MODULES PROPOSAL FOR HR MANAGERS**

- **Reading the External Environment**
  - Understanding the impact of globalisation and public sector reforms

- **Reading Organisation Culture and Reality**
  - Managing expectations and operating effectively
  - Translating ambiguity and managing perceptions
  - Managing self – maintaining health and personal development
• Consulting
  - Working with customers to align strategy and business
  - Empowering customers to take responsibility

• Service Management
  - Features of good service
  - Managing competing demands
  - How to get the best from staff

• Costing and Cost Benefit Analysis
  - Methodologies for costing goods and services
  - Structuring a cost / benefit analysis
  - Cost / benefit reporting

• Performance Measurement and Information Analysis
  - Performance Indicators
  - Setting up a measuring system
  - Using hard data for decision making

• Managing Information Systems to Achieve Business Improvement
  - The mechanics of managing a system
  - Managing IT specialists
  - Monitoring a system's performance
The General Manager Human Resources considered the proposed program to be beneficial to the overall development of HR in the NTPS. However, he considered the approval for the recommendation to fall within the Commissioner's responsibility. A presentation was delivered to the Commissioner 20th December 1999.

2.2 Implement a Certificate Level 3 PIPS/ Conditions of Service Traineeship Scheme

The Action Research Group discussed at length the gaps in knowledge within the Human Resource division. Prior to the centralisation of the function it had not been recognised that the salaries section formed the 'nursery' for future human resource practitioners. The staff require substantial legal knowledge to perform their role.

With sponsor's recognition of the needs and the decline, the Action Research Group recommended a traineeship program for school leavers be developed and adopted. Existing staff could use the program as a refresher course or be assessed for Recognition of Prior Learning.

The objective was approved for implementation in February 1999.

Strategy 3 Implement a more efficient and effective HR management system

3.1 Review the Human Resource Management Business Rules to streamline workflows and practices.
Discussions were held between the Commissioner for Public Employment, the General Manager of Human Resources and the Chief Researcher with respect to the scope of the proposed review. The result of the discussions is outlined below in the Agreed Terms of Reference. The project was to have commenced in December 1999, behind schedule due to a delayed approval process. However, once negotiations for the team leaders began the Commissioner's Office requested that the intent be softened due to their perception of industrial relations risks.

It is recognised that the review may highlight a number of existing administrative interpretations that could give rise to industrial disputation should they be altered without a consultative process. For this reason an industrial relations reference group was included in the review process. It is anticipated that the review will be completed on schedule by July 2000.
Business Rules Review

Terms of Reference

Version 1.0

September 1999

Prepared by
Gillian Kay
Introduction

These Terms of Reference describe the objectives, scope and approach to reviewing the employment business rules comprising the By Laws, workflows and administrative procedures which apply to all NT government agencies.

The outcome of the review will be a business case, outlining recommendations to streamline the provisions of the By Laws. The business case also will detail the benefits and costs arising from the recommendations. The workflows and administrative arrangements will flow out of the recommendations accordingly.

The Commissioner for Public Employment jointly commissioned the review with the Chief Executive Officer of Department of Corporate & Information Services in response to identified concerns arising from the PIPS Review project.

Background

A review team was formed in March 1999 to undertake a detailed evaluation of the PIPS system and a cost benefit analysis of suitable alternative systems.

The review team found that PIPS:

♦ Is at the end of its product life cycle
♦ Has a diminishing customer base
♦ Is inflexible and unable to easily accommodate EBA and Award changes without reprogramming the system
♦ There is an inadequate level of proficiency in human resource administration skills and knowledge
♦ Is high risk and has low reliability of information
♦ Costs $12.4M pa partly due to inefficient workflows and lack of automation

A summary review of new system implementation in other jurisdictions identified that:

♦ Failure to revise business rules prior to implementation increased costs and inefficiencies significantly
♦ Focus on the payroll implementation has limited the effectiveness of management reporting
♦ Insufficient training limiting the efficacy of the system overall.

Scope

**SCOPE INCLUSIONS**

- Identify the appropriateness of the By Laws in the context of the current EBA and contemporary working arrangements suitable for the Northern Territory environment.

- Review the provisions of the By Laws and examine options, solutions, and cost/benefit of streamlining them and the subsequent procedures for their administration, including:
  - Leave
  - Maternity Leave
  - Allowances
  - Workers Compensation
  - Penalties (overtime, shift payments and so on)
  - Studies Assistance
  - Recognition of Prior Service
  - Compulsory Transferees

**SCOPE EXCLUSIONS**

- Detailed implementation planning of proposed solutions. High level plans and budgetary costings will be prepared to support the business case.

- Identification of detailed requirements for related systems (e.g. Financial Management, Budget Management Staff Rostering Systems)

**ASSUMPTIONS**

- Whole of Government human resource management will be retained.

- PIPS will remain in place for at least the next 18 months

- Part timers will be considered as a component of each sub project.
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In addressing the scope of the project it is proposed that a series of project teams will be established and led by stakeholder representatives:

**PROJECT TASK FORCE**

Gillian Kay  
Jenni Purkis  
Janette Galton  
Christine Seth

**Leave**  
(B. Nueman)  
(FPES)

**Allowances**  
(T. Lambert)  
(Edu)

**Workers Compensation**  
(G. Luke)  
(PAWA)

**Penalties**  
(L. Hoban)  
(Chief Mins)

**Studies Assistance**  
(J. Butler)  
(NTETA)

**Compulsory Transferees**  
(B. Mappas)  
(OCPE)

**Long Service Leave & Recognition**  
(Prior Service)  
(Sub Project)

**Remote Allowances Sub Project**  
(J. Brimson)  
(Southern R.)

**Maternity &Parental Leave Sub Project**  
(Kes Hall)  
(THS)

**Airfares, KMs Allowance—travelling time and increments**  
(Tony Neale)  
(THS)

N.B. Part timers will be considered as part of each project and sub project.

**Approval Mechanism**

- **Reference Group**  
Chairperson - Theo Tsikouris

- **Endorsement**  
General Manager Human Resources

- **Departmental Approval**  
Chief Executive Officer DCIS

- **NTPS Approval**  
Commissioner for Public Employment
Methodology

Project team managers will select their team members once their nominations have been authorised.

A DCIS HR knowledge group will be authorised and identified as suitable project team members and a source of relevant current information. (The knowledge group members are not permanent project team members)

The Project Task Force to will conduct workshops for the project and sub project teams to:

- Clarify the background
- Establish the purpose
- Establish the support and reporting mechanism.
3.2 **Amalgamate the PIPS management function into one program with one budget line.**

The amalgamation of the management function was approved following submission of the PIPS Evaluation Report (attached at Appendix 3). An HR Manager now manages the function within the Human Resource Management Division. The area provides the recommended functions and services including PIPS reports for customer agencies.

3.3 **Prepare a Cabinet Submission seeking approval to replace the existing information system (PIPS).**

The Cabinet Submission, if approved by Cabinet, provided for either a replacement information management system, or, outsourcing to a bureau service.

Cabinet is scheduled to consider the Cabinet Submission in the December 1999 sittings.
CHAPTER 7

CONCLUSION
CHAPTER 7
CONCLUSION

PURPOSE

The purpose of Chapter 7 is to draw together the key elements and conclusions of the research and formulate a hypothesis based on the conclusions. The chapter concludes with suggestions for future research on the subject.

Introduction

The development of strategic human resource management in the last fifteen years has resulted from global changes, including technology driven change in business and communication, legislative reforms, social demands and industrial relations reforms. Diversity in workforces and the search for competitive advantage has also had an impact.

The endeavour of human resource management in this context is to align human resource management policies and programs with strategic business objectives. The alignment can only take place by continuously nurturing and managing the culture.

Whilst acknowledging recruitment and the payroll functions will always be responsibilities of organisations, whether contracted out or not, the research sought to
clarify the nature of the relationship between HR departments and executive decision making. Inherent within that is HR's role or contribution to bottom line business decisions.

The initial research questions focussed on:

- How important is an HRM information system to the role of HR?
- Can the use and accessibility (user friendliness) of the data be increased for decision making; and
- Is the role of HR strategic or operational?

As a first step the HR information system, containing the majority of employee information, was evaluated to identify the key issues, risks, utilisation and accuracy of HR information. For the purposes of the evaluation the system comprised:

- Hardware
- Software
- People (attitudes and values)
- Skills and knowledge

The short term recommendations of the evaluation included program management of the HR system, an archiving strategy and clean data program. Essential training for managers to access management reports was recommended, as well as awards interpretations and advanced PIPS usage for HR administration staff.
In the longer term it was recommended the system be replaced. A copy of the evaluation report is attached at Appendix 4.

The evaluation found a significant lack of management ownership of the system, which had resulted in blockages to learning for staff whose work is reliant upon using the system. The vast majority of managers, including HR managers, did not know how to access data or what reports were available. The real cost, performance and reliability of the system was unknown prior to the evaluation. Lack of management awareness and management assumptions provide a clear indication of the HR system’s low importance and priority to executive decision making.

As a second stage, the dynamics impacting on human resource management were mapped out at three levels:

- Whole of service dynamics
- Whole of organisation dynamics; and
- HR division dynamics.

The ‘maps’ raised a number of questions for further investigation. They include:

- Culture
- The impact of paradox and ambiguity
- The role of HR division
- Learning
- Information and decision making.
A series of conclusions are outlined below summarising the research findings.

**Conclusion 1:**

*Soft data dominates decision-making and maintains ambiguity and power.*

Interviews with executives and senior managers identified that hard data is rarely used for decision making. In many instances interviewees considered soft data represented the ‘facts’. This in part explains the lack of attention to, or management of, the HR system. In addition, soft data decisions significantly assist the maintenance of perceptions and ambiguity, as opposed to hard data decisions, which provide transparency and accountability.

**Conclusion 2:**

*Reactive management pervades power-orientated cultures bringing with it high levels of paradox and ambiguity.*

**Conclusion 3:**

*Perception is more important than measurable results.*

The management task in the public sector is complex due to paradox and ambiguity and competing interests. Investigations revealed that some HR managers were spending up to 50% of their time translating ambiguity to customers and staff. The purpose of this translation appears two fold: to maintain customer perceptions and
secondly to enable staff to overcome their confusion and anger allowing them to focus on tasks.

The impact of paradox and ambiguity (mapped out in Figure 4) was demonstrated in the organisational misalignment. An alternative, informal system is driven by networking and organisation politics.

The results of the culture survey identified a dominant power orientated culture operating within the HR division specifically, and throughout the organisation and service generally.

The significance of power in the informal system has established it as the forum for much of the decision making. It is also seen to be responsible for some of the blockages in the formal system. Examples of these blockages include administrative decisions taking too many weeks to be considered, access to necessary resources and training being withheld and delayed communications and communication blackouts on specific issues.

The influence of organisation power and politics appears to take a front seat in public sector management (in the host organisation). The work of Salancik & Pfeiffer (Kolb et al, 1991) and Argyris (1971) assisted one in understanding the impact, role and use of power in organisations, as a method of control, and as a limitation to development (refer Figure 1, 2 and 3). Figure 3, in particular, demonstrates a
pragmatic and reactive management approach to planning and resolving problems, which has become the ‘norm’ for the organisation.

Conclusion 4:

**Human psychology and power orientated organisation cultures severely inhibit organisational learning.**

Behavioural examples provided during interviews, supported Baum’s (De Vries, 1991) view (from a psychoanalytical frame of reference) that bureaucracy discourages responsibility. Further, De Vries (1991) contends that employees engage in escapist or compensatory behaviour to reconcile broken agreements (by the organisation) enabling them to remain in the organisation.

The punitive environment of the power culture’s informal system and network minimises risk taking and personal ‘stretch’, which commonly underpins experiential learning.

Conclusion 5:

**The rhetoric of strategic HR is used to mask the reality of utilitarian human resource management.**
The information provided during interviews, the results of the culture survey and
HRM Questionnaire show the role of human resource management in the NTPS has
a strong administrative focus. The administration of the payroll and other transaction
processing activities are rated as more important than the strategic aspects of human
resource management. The NTPS Questionnaire responses are consistent with the
Personnel Management descriptors used by Storey, (Dessler et al, 1999) in his '27
points of difference' between personnel management and human resource
management. However, some of the questionnaire responses indicated HR activity
such the 'can do' approach to results reflects 'utilitarian instrumentalism (Storey
1993), which considers human resources are simply a cost factor of conducting
business. Despite this the language of strategic human resource management is
consistently used in the host organisation's newsletters and organisation planning
documents. The language reflects the notion of collaboration and shared values on a
long term mission.

From the standpoint of acknowledging an existent misalignment and the requirement
for a complicated, iterative planning process (to align HR policies and strategic
business objectives) it can be concluded that the strategic HR rhetoric does not
represent an organisation reality, but rather tries to create a perception.

Sisson concluded the British industry environment is characterised by short-termism
in developing business strategies that fosters an opportunistic pragmatism
(Sisson,1993). Further, he points out managers rely on quick fix solutions and
Taylorisitic job designs, which are based on command and control rather than more
consultative methods. Whilst Sisson was referring to industry, the imperatives of
private and public sectors increasingly are converging with the impact of
Globalisation. The impact is primarily being manifested through financial and
performance management reforms in the Australian public sector.

Conclusion 6:

Strategic HRM poses a threat to the delicate balance of ambiguity and reality in
power cultures.

Inherent in strategic HRM is the concept of change managers moving about the
organisation with an express mission of facilitating change for alignment. However,
if this were to occur in the current environment it is unclear what would be aligned;
espoused HR policies and cultural values to the perceptions or, policies and values to
strategic business objectives.

A change manager realigning the delicate balance of perception that exists between
ambiguity and paradox on the one hand and reality on the other, directly challenges
the power-orientated culture and the politics of the informal system. In addition, the
strategic human resource management model, sometimes referred to as the ‘soft’
model or ‘Developmental Humanism’ model (Storey, 1987), infers a long term
mission, collaboration and empowerment of employees. All of which are
inconsistent with the drivers within the host organisation and power cultures
generally.
Conclusion 7:

Pragmatism undermines opportunities for double loop learning and employee commitment.

and

Conclusion 8:

Standardised management development programs fail to address the real learning needs in organisations.

Management development programs are centrally offered to employees of the NTPS. They are accredited and reflect functional management programs containing a balance of theory and specific techniques such as project management and risk management. However, they do not contain instruction or reflection on the issues identified by this research. Given that the management and translation tasks (of ambiguity, perception and organisation politics) represent a significant proportion of public sector managers’ time and effort, the programs are leaving a major competency unaddressed. In addition, the recommended skills and processes inherent in the ‘techniques’ are often circumvented. The pragmatic or reactive decision making often precludes management of an issue to its completion. Research findings indicate that the achievement of a perception is sufficient. The fact that managers have completed a training course must not be the basis for assuming the skills are being employed.
FINAL CONCLUSION

The conclusions discussed above demonstrate that the strategic relationship between HR departments and executive decision making is non existent, for three key reasons:

1. The HR information system was found to be important to the operational role of human resource management in the NTPS. However, executive interviewees considered its role to be an administrative function and therefore not important as it could be replaced with an outsourced service.

2. Hard data is poorly managed, analysed and not used to develop business intelligence or make decisions. There is no indication that improvement of the HR information system will encourage the method of decision making to change. Further, no evidence was provided by executives or HR managers to suggest that HR information analysis will have an input into strategic decisions.

3. The relationship between HR and executives operates as an administrative function, the importance of which is to pay staff and minimise employee complaints.

Therefore, on the basis of the research, the following hypothesis is offered:

**Hypothesis = Power orientated cultures precludes strategic human resource management and organisational learning.**
Finally, this Action Research commenced with a general plan. The constant desire to understand took the research into greater depths than originally foreseen. This can be directly attributed to the power of Action Research and the commitment of the research group.

The research implications for the future should be considered. It seems clear that further progress will require a similar study of the private sector and take the research beyond questionnaire and interviews into observational style approaches. In particular, two lines of enquiry are encouraged. Firstly, an evaluation of the effectiveness of off the shelf management development programs. Whilst popular management techniques are offered through a variety of forums they do not appear to cover management survival skills for the consuming issues evident in this research. Secondly, there may be significant differences in the experiences of managers operating in organisations dominated by feminine management values as opposed to masculine management values. A future study comparing the differences may provide greater insight into organisation development and management practices specifically in the Australian environment but also for western management principles in general.
BIBLIOGRAPHY


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Meta Group, ‘Executive Directions’ research file 58, Stamford, USA, 1999


Pondy, L.R., “Leadership is a Language Game”, in McCall, Jr., and Lombardo (Eds.), Leadership: Where Else Can We Go?, 1978, Durham, NC:Duke University Press, pp87-99


APPENDICES
Document Approval

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1. **Introduction**

These Terms of Reference describe the objectives, scope and approach to undertake a review of the options for computer systems to provide human resource management services across all NT Government Agencies. The outcome of the review will be a business case detailing the benefits and costs for a range of viable alternatives and recommendations on the best option. The business case may then form the basis of a cabinet submission seeking approval and funding to implement the recommended option. The review was commissioned be the General Manager of Human Resources in response to a preliminary investigation into the future development of the Personnel Information and Payroll System (PIPS) that is currently used for human resource management.

1.1. **Background**

In late 1998 a review of PIPS by Murray Bates made the following observations:

PIPS as the Human Resource Information System is called in NT was installed in 1993 and is a derivative of the system called NOMAD which was developed in Canberra by the Department of Administrative Services. The NTG uses a version of NOMAD customised for local conditions and except for basic support each enhancement is done on a quotation basis.

In mid 1997 NOMAD was acquired by DMR and all maintenance and enhancements are performed by the DMR Application Maintenance Support Unit located in Canberra. The software license with DMR expires on 30/6/99 with an option to renew for a further 12 months under the same conditions.

The original NOMAD user base included all Federal Government Agencies but has been shrinking rapidly as these agencies move to new HRM systems purchase from a panel contract which does not include NOMAD. The remaining clients include a variety of small agencies such as Human Rights Commission, Native Title Tribunal, Archives etc. Of the medium to large agencies only Immigration & Multicultural Affairs, Bureau of Meteorology and Environment, Sports and Territories have retained NOMAD

The likely outcome of the above scenario is that NTG will become (if not already) the largest user by a significant margin and will progressively be faced with increased support and maintenance costs and will only receive enhancements which are self funded and DMR have shown little inclination to invest in the product in their own right. The NTG will be faced with the risk that DMR may withdraw from the NOMAD support market after assessment of the profitability of the situation

Deficiencies identified in the current use of PIPS include:
• User perception of system unfriendliness
• Time required to skill users
• Inflexible reporting capabilities
• Response time
• Navigation through screens
• Cost of enhancements
• Time to obtain enhancements
• Poor interface with GAS
• Requirement for specialised technical support.

2. Scope

2.1. Scope Inclusions

• Identification of the strengths and deficiencies of PIPS from a user, management, reporting and technical perspective

• Review PIPS and examine alternative solutions for core functionality:
  . Technical support requirements
  . Reliability
  . Scalability
  . Customisation
  . Interfaces/Interoperability
  . Audit / Security
  . Management reporting capability
  . Accessibility
  . Flexibility
  . User interface
  . Training
  . Devolution of functions
  . Interface with external payroll
  . Data migration
  . Electronic records management & archival

Review PIPS and examine alternative systems for specific HR functionality of:
  . Organisational structure & job position information
  . Payroll input
  . Payroll processing
  . Workforce planning
  . Personnel development
  . Recruitment administration
  . OHS and compensation management
  . Human resource budgeting
  . Financial accruals
• Identification of the cost / benefit analysis of:
  Current PIPS environment
  Enhance PIPS environment
  Alternative system /s used in Government

2.2. Scope Exclusions

• Development of detailed function requirements or tender documentation for the selection of a new system.

• Detailed implementation planning and costing for potential replacement systems. High level plans and budgetary costings will be prepared to support the business case and cabinet submission.

• Identification of detailed requirements for related systems (e.g. Financial Management, Budget Management Staff Rostering Systems) The core requirements in these areas will be established to determine the viability and cost for developing interfaces or incorporating the requirements into the core human resource management system.

2.3. Assumptions

• Whole of Government human resource management will be retained.

• PIPS will remain in place for at least the next 18 months

3. Project Schedule

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4. **Stakeholder Representation**

Jenni Purkis (OCPE)
Karen Vought (Treasury)
Mark Chin DCIS (Corporate Systems)
Linda King / Alan Giles (Education)
Joanne Schilling (THS)

5. **Approval Mechanism**

Endorsement - HR systems Information Management Group
Approval – Department & Information & Technology Management Group

6. **Resources**

6.1. **Project Team**

Project Manager: Gillian Kay

Business: Sandra Papadonakis
Janette Galton
Michael Parsons

Technical: Gregory Moo (5%)

7. **Budget attached**

N.B. All input by ITMS Project Consultants will be billed accordingly. The project budget has allowed for 100 hrs input @ total of $10,000. All anticipated costs have been reflected in the attached spreadsheets.
## DCIS PIPS PROJECT TEAM ZERO BASED BUDGET

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NB Contingency: Exchange Michael Parsons for Christine Seth will result in an additional $14,000 over 12 months
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<tr>
<td>Insurance premiums</td>
<td>0</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>0</td>
</tr>
<tr>
<td>Library services</td>
<td>0</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>0</td>
</tr>
<tr>
<td>Motor vehicle expenses</td>
<td>1250</td>
</tr>
<tr>
<td>Office requisites</td>
<td>20</td>
</tr>
<tr>
<td>Official duty and fares</td>
<td>800</td>
</tr>
<tr>
<td>Other plant and equipment</td>
<td>0</td>
</tr>
<tr>
<td>Recruitment expenses</td>
<td>0</td>
</tr>
<tr>
<td>Regulatory and advisory boards</td>
<td>0</td>
</tr>
<tr>
<td>Relocation expenses</td>
<td>0</td>
</tr>
<tr>
<td>Training and study expenses</td>
<td>750</td>
</tr>
<tr>
<td>Travelling allowance</td>
<td>400</td>
</tr>
<tr>
<td>Other expenses</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL GAs</td>
<td>42211</td>
</tr>
<tr>
<td>TOTAL GBDs</td>
<td>55549</td>
</tr>
</tbody>
</table>
Recruitment workflow improvements

**Personnel Expenses**
- Salaries GBDs: 32,042
- Salaries Gas: 29,396

**Operational Expenditure**
- Repairs and maintenance: 0
- Property management: 4235
- Audit fees: 0
- Clothing: 0
- Communications: 590
- Consultants fees: 5000
- Consumables: 0
- Document production: 100
- Entertainment: 0
- Freight: 0
- Furniture fittings: 200
- IT services: 5000
- Insurance premiums: 0
- Legal expenses: 0
- Library services: 0
- Marketing and promotion: 0
- Motor vehicle expenses: 1250
- Office requisites: 20
- Official duty and fares: 800
- Other plant and equipment: 0
- Recruitment expenses: 0
- Regulatory and advisory boards: 0
- Relocation expenses: 0
- Training and study expenses: 750
- Travelling allowance: 400
- Other expenses: 0
- TOTAL GAs: 38506
- TOTAL GBDs: 50387
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1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

The formation of the Department of Corporate & Information Services provided an opportunity for the Northern Territory Government (NTG) to strengthen its administrative position for the future. Mr Murray Bates, the then Director of Corporate Systems, conducted a preliminary review of the Government Accounting System (GAS) and the Personnel Integrated Payroll System (PIPS) in late 1998 commenting that, in his view, the PIPS system was deficient in a number of areas. Of particular note is the perception of system unfriendliness, the time it takes to skill users, inflexible reporting capabilities, the cost and time to obtain enhancements, the poor interface with financial systems and the diminishing number of organisations using the product.

A review team was formed in March 1999 to undertake a detailed evaluation of the system and the cost benefit of suitable alternative systems. (The terms of Reference are attached at Appendix.1).

For the purposes of the evaluation the ‘system’ comprises:

- Hardware
- Software
- People
- Skills and knowledge.

This report represents the stage 1 results of the evaluation of the current PIPS system.

A Cabinet Submission is due by December 1999.

1.2 ISSUES

PIPS is nearing the end of its product life cycle and the customer base is diminishing.

PIPS is an inflexible system unable to accommodate Enterprise Bargaining Agreement and Award changes without reprogramming the system.

PIPS is managed as an information technology system rather than a business system.
1.3 FINDINGS

1.3.1 BUSINESS FINDINGS

- The management of PIPS is dislocated with significant productivity loss and cost inefficiencies.
- There is no archiving facility or strategy for managing the personnel records management requirement.
- The 1999/00 annual cost of PIPS to the NT Government is $12.4M. Over five years, at Net Present Values, the cost to Government is $50M.
- The development cost of third party systems/databases is $816,000 to date plus $95,000 maintenance per annum.
- There is an inadequate level of proficiency in human resource administration skills and knowledge.
- A random audit of employee entitlements indicates that data has a 58% reliability.
- PIPS was assessed by system and user experts as representing a 73% risk.

1.3.2 TECHNICAL FINDINGS

- Central Processing Usage statistics demonstrate an increased trend which is forecasted to continue.
- Mainframe business interruptions represent a productivity loss of $5,700 per month.
- Operational downtime estimates lost productivity at $31,000 per month.
- Useful performance management information is currently not captured for reporting purposes.

1.3.3 USER FINDINGS

- Support for frequent users is limited, generating confusion, poor work practices and reduced output quality.
- Frequent users are concerned about the lack of necessary skills ie. PIPS system operation and administrative knowledge of Conditions of Service.
- Integrity of data is viewed as poor amongst the frequent users, good amongst DCIS branch managers and system administrators, and very good amongst external managers responsible for HRM.
Frequent users are not generally familiar with the PIPS Control Guide and audit functions are not currently being fulfilled.

PIPS is beneficial in providing quick access to personal information.

PIPS is ‘user friendly’ for frequent users and user ‘unfriendly’ for infrequent users.

1.4 RECOMMENDATIONS

1.4.1 BUSINESS RECOMMENDATIONS

❖ That a PIPS Business Management Group be established reporting to the General Manager Human Resources to manage the system (ie. hardware, software, people and skills) [Ref: 6.1.1]

❖ That the PIPS Business Management Group trainer be identified as soon as possible. That an urgent and important priority be given to management reporting training. [Ref: 6.1.2]

❖ That a series of performance management indicators are established to assist the PIPS Business Management Group to improve system performance including:
  - CPU Usage rates per month compared over time
  - Data storage costs per month compared over time
  - Business interruption rate per month compared over time
  - Frequent user error rate per month compared over time
  - Salaries officers: payees ratio compared to the published benchmark. [Ref: 6.1.3]

❖ That a comprehensive archiving strategy be developed as a matter of urgency to ensure accountability requirements and cost effectiveness improvements of data storage are met. [Ref: 6.1.4]

❖ Given the level of current and projected expense of the current system it is recommended that a single total activity based budget is maintained and monitored by the PIPS owner. [Ref: 6.1.5]

❖ That the development of any third party systems (resulting directly from the lack of functionality in PIPS be discussed in the first instance with the PIPS Business Management Group). [Ref: 6.2.1]
❖ That a structured and ongoing training program be implemented and managed by the PIPS Business Management Group as soon as possible. [Ref: 6.3.1]

❖ That Conditions of Service training is provided to all new starters before they commence operational duties and refresher training is provided for all existing staff. [Ref: 6.3.2]

❖ That a comprehensive system audit be undertaken to enable the development of an operational plan to clean the data ensuring data integrity for the migration of data to archives and/or a new system. [Ref: 6.4.1]

❖ That further implementation of REI be abandoned pending the outcome of the Cabinet Submission. [Ref: 6.4.2]

❖ That a risk management plan be developed and implemented as a priority to manage the very high and medium risks down to an acceptable level. [Ref: 6.5.1]

1.4.2 TECHNICAL RECOMMENDATIONS

❖ That no further enhancements are undertaken pending the outcome of the Cabinet decision. [Ref: 6.6.1]

❖ That introduction of shift work for salaries officers be considered in the short term. [Ref: 6.6.2]

❖ That a strategic business systems consultant be engaged to make recommendations regarding the most appropriate technology environment and output specifications for a future HRMIS and NT Government reporting requirements. [Ref: 6.6.3]

1.4.3 USER RECOMMENDATION

❖ That the PIPS Business Management Group facilitate two feedback groups per year to assess customer satisfaction. [Ref: 6.7.1]

2 BACKGROUND

PIPS is a derivative of the system called NOMAD and was developed in Canberra by the Department of Administrative Services. The NTG uses a version of NOMAD customised for local conditions and except for basic support each enhancement is done on a quotation basis.
A literature search revealed that specifications were not developed for the purchase of the leave and salaries administration system (1991). The original selection of Concept was aborted following cost and service disputes with the vendor. A Nomad licence was purchased in 1991, with further modules being added as required. The licence agreement stated that the development of user documentation was to be the responsibility of the NTPS. Nomad was acquired by DMR in June 1997 and their Application Maintenance Support Unit, located in Canberra, performs all maintenance and enhancements. The software license with DMR expires on 30/6/99 with an option to renew for a further 2 years under the same conditions.

The original NOMAD user base included all Federal Government Agencies but has been shrinking rapidly as these agencies move to new HRM systems purchased from a panel contract, which does not include NOMAD. The remaining clients include a variety of small agencies such as Human Rights Commission, Native Title Tribunal, Archives etc. Of the medium to large agencies only Immigration & Multicultural Affairs, Bureau of Meteorology and Environment, Sports and Territories have retained NOMAD.

The likely outcome of the above scenario is that NTG will become, if not already, the largest user by a significant margin and will progressively be faced with increased support and maintenance costs. The NTPS will only receive enhancements, which are self funded, and DMR has shown little inclination to invest in the product in their own right. The NTG will be faced with the risk that DMR may withdraw from the NOMAD support market after assessment of the profitability of the situation.

3 METHODOLOGY

- Focus group feedback
- Review of CPU Usage and mainframe performance
- Specification criteria testing for core functionality and HR specific functionality
- Cost analysis
- Benchmark comparison
- Skill gap analysis
- Risk analysis
- Priority evaluation

4 ENVIRONMENTAL SCAN

A meeting was held with the Commissioner for Public Employment and Senior Director Budgets (Treasury) to scan future employment and financial trends that may affect requirements of the HRMIS. Also consulted was the Metadata Group in respect of information technology trends.
4.1 Industrial Relations and Employment Management

Much of the streamlining of Award conditions and entitlements has been achieved. However, there will be additional, administrative complexity with the possible implementation of separate Enterprise Bargaining Agreements for PAWA and Education. While the NTPS has not used Australian Workplace Agreements (AWA) to date, the possibility, although not foreseen at this time, cannot be excluded in the future. The advent of AWAs will also add further Agency or group specific administrative requirements.

4.2 Information Technology

Advice from META Group Asia Pacific indicated that the current trend is to implement a unified back office. That is to say an integrated HR / Finance system. Whatever the selected system it is essential that the system have the desired level of functionality as determined by the business; not technology driven.

It is possible to utilise the current information technology hardware ie. mainframe and application servers. Alternatively, batch processing and payroll can be done via the mainframe and on-line, web based, employee self service (REI) and transactions via application servers. The better products can accommodate both scenarios.

4.3 Financial Reporting

Senior Director Budgets (Treasury) reported that it was possible reporting requirements would change with the advent of accrual accounting. Currently only Government Business Divisions were required to report on an accrual basis. However, while the NTG was not pursuing accrual accounting and reporting, trends occurring outside of the Northern Territory’s control may impact on the NTPS within the next two years.

5 ISSUES

PIPS is nearing the end of its product life cycle. In addition the customer base is diminishing and subsequently the cost of enhancements and upgrades will increase.

PIPS is an inflexible system unable to cope with Award/EBA changes without reprogramming. As a consequence the level of automation is reducing as the level of manual work is increasing.
PIPS is managed as an IT system rather than an organisational business system. Funnels of dislocated expertise residing in a variety of agencies and divisions of DCIS represent the diminishing knowledge of the system. As a result of this, and its inability to accommodate changes without reprogramming, it is an underperforming system.

6 FINDINGS AND RECOMMENDATIONS

6.1 MANAGEMENT PERSPECTIVE

6.1.1 RECOMMENDATION

❖ That a PIPS Business Management Group be established reporting to the General Manager Human Resources to manage the system (ie. hardware, software, people and skills).

The following structure is recommended:

PIPS BUSINESS MANAGEMENT GROUP

The review team considered that PIPS has evolved to a considerable extent through committee management. The dislocation of essential expertise and a lack of business ownership by HR management has reduced the ability of executive management to ensure a holistic, business management approach to the system.

It is significant to note that of the $12.4M expenditure for PIPS only $2,000 is budgeted for marketing the system.
6.1.2 RECOMMENDATION

❖ That the PIPS Business Management Group trainer be identified as soon as possible and an urgent and important priority be given to management reporting training.

The review team found anecdotal and experiential evidence supporting the frustration that managers are experiencing with accessing and printing management reports. They are time consuming to obtain, are frequently incomprehensible, often waste considerable paper resources and require transcription into a reader friendly format. Inadequate marketing and training, specifically designed for a management audience, is compounding this frustration.

6.1.3 RECOMMENDATION

❖ That a series of performance management indicators are established to assist the PIPS Business Management Group to improve system performance including:

- CPU Usage rates per month compared over time
- Data storage costs per month compared over time
- Business interruption rate per month compared over time
- Frequent user error rate per month compared over time
- Salaries officers: payees ratio compared to the published benchmark
- Amount of unrecovered salary overpayments (sundry debtors) comparison over time.

6.1.4 RECOMMENDATION

❖ That a comprehensive archiving strategy be developed as a matter of urgency to ensure accountability requirements and cost effectiveness improvements of data storage are met.

There is no archiving facility or strategy for managing the growing personnel records management requirement. The majority of personnel records are required to be kept until the employee reaches 85 years of age, which is a joint OCPE and Archives policy. The specified age relates to potential superannuation and workers compensation requirements in a context where mandated retirement has been removed.

PIPS was unable to report the number of existing records (current and separated employees).
The minimum number of new records generated each year is approximately 5,500, resulting in an exponential cost increase for mainframe data storage.

Estimated minimum number of current records = 60,000
Estimated minimum number of records by 2020 = 170,000

Archiving policy and requirements is attached at Appendix 2.

6.1.5 RECOMMENDATION

❖ Given the level of current and projected expense of the current system it is recommended that a single total activity based budget is maintained and monitored by the PIPS owner.

The annual cost of PIPS to the Northern Territory Government is $12.4M. Detailed costs are attached at Appendix 3.

The cost of all government agencies third party systems are also included where they have been developed as a direct consequence of PIPS not being able to perform a necessary function. The total development cost to date is $816,000.

Current unrecovered salary overpayments are estimated to be $1M. This amount is identified as sundry debtors.

The opportunity cost of salaries officers have also been included for the purposes of a future cost benefit analysis. It is significant to note that the average NTPS ratio of salary clerks per payees is 1:110 compared to the published public sector benchmark is 1:246 (benchmarks published by HRM Consulting Pty Ltd – Attachment 4). The low ratio is considered to be attributable to:

- The reduction of salaries processing automation;
- Level of necessary knowledge and skills / lack of formal training and technical support; and
- Inconsistent work practices and a higher than desirable level of re-work (work needing to be redone due to error).
6.1.5.1 Annualised PIPS Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech. Support personnel</td>
<td>1,109,121</td>
</tr>
<tr>
<td>IT service cost (ITMS consultancy fees, licences, mainframe etc)</td>
<td>4,568,523</td>
</tr>
<tr>
<td>Operational costs</td>
<td>314,082</td>
</tr>
<tr>
<td>Salaries officers; and</td>
<td>5,497,715</td>
</tr>
<tr>
<td>Third party systems maintenance</td>
<td>95,000</td>
</tr>
<tr>
<td><strong>6.1.5.2 TOTAL</strong></td>
<td><strong>11,584,441</strong></td>
</tr>
</tbody>
</table>

N.B. The above table reflects the estimated annual costs excluding $1M unrecovered salary overpayments and $816,000 for initial development of third party systems.

6.2 INTERFACES / THIRD PARTY SYSTEMS

6.2.1 RECOMMENDATION

✓ That the development of any third party systems (resulting directly from the lack of functionality in PIPS be discussed in the first instance with the PIPS Business Management Group).

A number of third party systems have been developed as a direct result of PIPS functionality not being able to fulfil agency needs. Refer Attachment 5.

PIPS does not have interoperability with third party systems / databases. Some third party systems / databases are indirectly updated via a download from PIPS to flat files and uploaded from flat files to the third party database. This download/upload process has in some instances, been automated.

6.3 SKILLS AND KNOWLEDGE

6.3.1 RECOMMENDATION

✓ That a structured and ongoing training program be implemented and managed by the PIPS Business Management Group as soon as possible.

The previous Technical Support Model identified the PIPS administrators as being the frontline source for training agency staff. This model, according to the frequent users was inadequate to meet their needs. Since the formation of DCIS the Technical Support Model has become inoperable and formal training inaccessible. In general terms salaries officers, in particular, rely on more experienced salary officers to provide coaching on-the-job. Given, the now recognised inconsistent interpretation of Conditions of Service and work practices, this is inappropriate.
6.3.2 RECOMMENDATION

❖ That Conditions of Service training is provided to all new starters before they commence operational duties and refresher training is provided for all existing staff.

There is an inadequate level of proficiency in human resource administration skills and knowledge.

A skills gap/needs analysis administered to 100 human resource administration staff demonstrated a 36% gap in basic knowledge and ability to administer awards and entitlements in PIPS.

The following results of the PIPS/Conditions of Service needs / skill gap analysis is summarised:

<table>
<thead>
<tr>
<th>Functional HR stream</th>
<th>Average No. correct answers</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>64%</td>
<td>.27</td>
</tr>
<tr>
<td>Recruitment</td>
<td>63%</td>
<td>.28</td>
</tr>
<tr>
<td>HR other</td>
<td>62%</td>
<td>.24</td>
</tr>
</tbody>
</table>

A complete graphical report, with demographics, is attached at Appendix 6.

6.4 RELIABILITY OF DATA

6.4.1 RECOMMENDATION

❖ That a comprehensive system audit be undertaken to enable the development of a operational plan to clean the data ensuring data integrity for the migration of data to archives and/or a new system.

6.4.2 RECOMMENDATION

❖ That further implementation of REI be abandoned pending the outcome of the Cabinet Submission.

A random audit of 50% employee entitlements indicated that the data has a 58% reliability rating. Consequently, Agencies' and Treasury's ability to accurately report HR financial liabilities is compromised.
6.5 RISK ANALYSIS

6.5.1 RECOMMENDATION

❖ That a risk management plan be developed and implemented as a priority to manage the very high and medium risks down to an acceptable level.

A risk analysis was conducted with two key groups involved in maintaining the PIPS system/data:

- Frequent users evaluating risks associated with functionality of specific HR modules
- Mainframe / PIPS system experts evaluating the core functionality of the system.

Each workshop involved the participants identifying risks and attributing a probability and impact score.

PIPS was assessed as representing a 73% risk. The specific risks and their rating are attached at Appendix 7. The impact criteria are attached at Appendix 8.

6.6 TECHNICAL PERSPECTIVE

6.6.1.1 BUSINESS INTERRUPTIONS / MAINFRAME PERFORMANCE

6.6.2 RECOMMENDATION

❖ That no further enhancements are undertaken pending the outcome of the Cabinet decision.

The review team has found considerable inefficiencies associated with the operation of the current system, which require attention. It is difficult to prioritise the need for enhancements and demonstrate their value for money in the existing environment.

6.6.3 RECOMMENDATION

❖ That introduction of shift work for salaries officers be considered in the short term.

Salaries officers consistently experience slow mainframe response in cut off week in particular when the mainframe is being heavily utilised during normal working hours. The mainframe is running at 100% capacity and ITMS have requested an upgrade in CPU capacity. The introduction of shifts will capitalise on under utilised mainframe time.
6.6.4 RECOMMENDATION

- That a strategic business systems consultant be engaged to make recommendations regarding the most appropriate technology environment and output specifications for a future HRMIS and NT Government reporting requirements.

Central Processing Unit (CPU) Usage statistics have been analysed demonstrating an increased trend which is forecasted to continue.

In July 1997 PIPS used 47,234 CPU and by July 2000 PIPS is forecasted to be using 1,400,000 CPU. Investigation into the reason for the increase pattern revealed that different and unconnected events occurred approximately every two months (report attached at Appendix 9). The probability of this recurring is high. The net result being a continual requirement for mainframe capacity upgrades.

Mainframe business interruptions over a twelve-month period in 1998/99 averaged 66 minutes per month. This represents a productivity loss of approximately $5,700 per month.

Operational downtime, determined by user survey, estimates lost productivity as $31,000 per month.

Business interruptions during the working week due to maintenance and upgrades of PIPS have not occurred to date. All upgrades and maintenance occur on weekends.
Mainframe performance has been difficult to quantify due to the way in which data has been stored. In order to assess the identified information it was necessary to run 3,050 tapes from migration at a rate of 1,525,000 megabytes and 21 days of operational time.

On the basis of the cost / benefit the information was not retrieved. However, it does highlight that suitable and summarised information is not being kept on performance of mainframe systems for evaluation and audit purposes.

6.7 FUNCTIONALITY

The Core system and HR specific functionality for PIPS was tested against a range of criteria. It is proposed that alternative systems will be tested in a similar way. Criteria and analysis is attached at Appendix 10 and Appendix 11.

6.8 USER PERSPECTIVE

6.8.1.1 STAKEHOLDER FEEDBACK

6.8.2 RECOMMENDATION

❖ That the PIPS Business Management Group facilitate two feedback groups per year to assess customer satisfaction.

A series of focus groups and meetings were held in Alice Springs and Darwin with:

- Frequent users (salaries and recruitment clerks etc)
- PIPS administrators and DCIS branch managers
- Management stakeholders (from client agencies, OCPE and Treasury).
The following feedback constitutes the conclusions of the Focus Group Report (attached at Appendix 10)

- **Support for frequent users is too limited generating confusion, poor work practices and reduced output quality**

Users identified the limited support, particularly training in both Conditions of Service administration and PIPS, as the reason for the development of inconsistent work practices, misinformation and bad habits being passed on. Users recognised that they are applying a method of learning by trial and error, which is resulting in procedures being modified in an attempt to make the system accept information ensuring that pays can be processed.

- **Frequent users are concerned about the lack of necessary skills ie. PIPS system operation and administrative knowledge of Conditions of Service**

Participants representing the frequent users expressed their concern about a lack of necessary skills among frequent users.

- **Integrity of data is viewed as poor amongst the frequent users, good amongst DCIS branch managers and system administrators, and very good amongst external managers responsible for HRM.**

Several issues of concern arose from participant’s comments. The first issue raised is that Treasury regularly uses reports from PIPS with data that is not up to date. The second issue identified is the lack of business rules / standard procedures and guidelines stipulating the work practices (including what is to be entered by whom, when and how) to ensure data is current and accurate.

- **Frequent users are not generally familiar with the PIPS Control Guide and audit functions are not currently being fulfilled**

Participant’s comments highlighted the fact that knowledge of audit procedures and requirements is minimal. Audit functions are not viewed as being a priority by the users, partly due to a lack of understanding of their role. At the time of this report no audit / control functions were being performed due to workload. Audit type reports can only be accessed by team leaders and certification officers for the purposes of making amendments.

- **PIPS is beneficial in providing quick access to personal information**

Overall each focus group perceived PIPS as being beneficial in providing quick access to information regarding their individual salary details and personal history, these modules were described as being reasonably user friendly for frequent users.

- **PIPS is 'user friendly' for frequent users and user 'unfriendly' for infrequent users**

The majority of system deficiencies identified by all three focus groups are connected to lack of training and speed / response time in relation to mainframe performance.
The specific disadvantages raised by the focus group participants were the system’s inflexibility and difficulty of use.

Poor management reporting in terms of timely accessing the right report, being able to read it and the waste of paper was a major concern by all parties.

7 CONCLUSIONS

PIPS is an underperforming system. The cost trend related to the underperformance and the increasing amount of manual processing does not represent value for money for the NT Government.

The level of management, training and support needs to be addressed regardless of the system in the future. At present the system is being managed from a technical perspective. The whole system, including the people and the skills and knowledge needs to be managed from a business perspective.

The review found that the system represented a significant risk. The level of unrecovered salary overpayments is an overt example of this. Further cost inefficiencies are hidden in the ratio of salaries officers to payees and work practices.

8 CONCLUDING RECOMMENDATIONS

It is recommended that the endorsed business recommendations are implemented immediately ensuring performance improvements.

That the examination of alternative systems include the option of integrated HR / Finance functionality.
<table>
<thead>
<tr>
<th>Ref.</th>
<th>Description</th>
<th>Probability</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dry data</td>
<td>10</td>
<td>Data is either incomplete or incorrect</td>
</tr>
<tr>
<td>2</td>
<td>Lack of knowledge &amp; skills of PIPS</td>
<td>10</td>
<td>Include system operation</td>
</tr>
<tr>
<td>3</td>
<td>Inappropriate access &amp; security</td>
<td>10</td>
<td>The wrong people have unsuitable access</td>
</tr>
<tr>
<td>4</td>
<td>Loss of data</td>
<td>10</td>
<td>Inexplicable loss of data</td>
</tr>
<tr>
<td>5</td>
<td>Lack of confidentiality in the data</td>
<td>9</td>
<td>Manipulation of data to input to system - rework the data</td>
</tr>
<tr>
<td>6</td>
<td>Lack of knowledge &amp; skills of the ACT</td>
<td>9</td>
<td>Can't administer awards &amp; entitlements without the knowledge</td>
</tr>
<tr>
<td>7</td>
<td>Lack of periodic information</td>
<td>9</td>
<td>Unable to produce information as a snapshot in time &quot;a&quot;</td>
</tr>
<tr>
<td>8</td>
<td>Inexplicable knowledge of the system</td>
<td>7</td>
<td>Can not specifically identify who went in, what or what was changed</td>
</tr>
<tr>
<td>9</td>
<td>Lack of appropriate audit trail</td>
<td>10</td>
<td>Snapshot in time not consistent as the system is continuously changing</td>
</tr>
<tr>
<td>10</td>
<td>Inexplicable resource base</td>
<td>10</td>
<td>Insufficient resource base</td>
</tr>
<tr>
<td>11</td>
<td>Loss of expertise skill</td>
<td>10</td>
<td>No replacement of the level of knowledge</td>
</tr>
<tr>
<td>12</td>
<td>Lack of management ownership of the system/information</td>
<td>10</td>
<td>Managers not taking responsibility of the development and management of</td>
</tr>
<tr>
<td>13</td>
<td>Lack of management accountability</td>
<td>10</td>
<td>the system</td>
</tr>
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<td>14</td>
<td>Lack of management accountability</td>
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<td>15</td>
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<td>Managers not being accountable for their Human Resources and informing</td>
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<tr>
<td>16</td>
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<td>Model does not want to learn the system</td>
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<tr>
<td>17</td>
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<td>Managers do not support the users - no training</td>
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<tr>
<td>18</td>
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<td>8</td>
<td>Lack of familiarity of available reports</td>
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<tr>
<td>19</td>
<td>Incomprehensible reports</td>
<td>8</td>
<td>No reader friendly / not environmentally friendly</td>
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</table>

Estimation of Risk Probability
<p>| Ref. | Description                                           | Suppliers | Probability | Comment                                                        |
|------|-------------------------------------------------------|-----------|-------------|                                                               |
| 20   | Lack of user friendly documentation                   | PIPS      | 10          | Manuals too technical and not enough detail                   |
| 21   | Lack of documentation of the system                   |           | 10          | Lack of up-to-date manuals                                    |
| 22   | Fraud                                                 |           | 5           | Could happen probably is                                      |
| 23   | Sabotage                                              |           | 3           | Could be happening                                            |
| 24   | Poor system performance                               |           | 9           | Automatic v manual                                             |
| 25   | Business interruptions                                |           | 10          | Time out/ solve screens/ response                             |
| 26   | Limited employee record capacity                      |           | 5           | Difficulty processing a large number of changes               |
| 27   | Poor response time                                    |           | 7           | Slow processing time                                           |
| 28   | Corruption of data with migration to 3rd party systems|           | 7           | Data integrity is not maintained                              |
| 29   | Poor information to govt                              |           | 9           | No confidence in the data integrity                           |
| 30   | Poor support service                                  |           | 10          | Lack of client focused service and response from support areas|
| 31   | Untimeliness of information                           |           | 9           | Due to untimely information being provided by the areas etc   |
| 32   | Overpayments                                          |           | 6           | Due to untimely information being provided by managers         |
| 33   | Dirty data - core function                            |           | 2           | This was alternative view by technical experts.               |
| 34   | Lack of redundancy                                    |           | 10          | No backup                                                     |
| 35   | Availability of support staff                         |           | 7           | Support staff leave, no succession planning - inadequate training |
| 36   | Constantly changing requirements (Business rules)     |           | 8           | Awards/EBA etc                                                |
| 37   | Shrinking client base                                 |           | 8           | That NT govt are sole clients                                 |
| 38   | Separate HR &amp; payroll providers                       |           | 10          | Separate contractors                                          |
| 39   | Capacity performance                                  |           | 5           | Insufficient capacity &amp; the need to upgrade                   |
| 40   | Poor work practices / training                        |           | 8           | Incorrect data/ resource/ loss of productivity                |
| 41   | Year 2000                                             |           | 10          | Problems encountered                                          |</p>
<table>
<thead>
<tr>
<th>Ref.</th>
<th>Description</th>
<th>Suppliers</th>
<th>Probability</th>
<th>Comment</th>
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<td>PIPS</td>
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<td>43</td>
<td>Poor mgt reporting</td>
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<td>8</td>
<td>Reports are not meaningful</td>
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<td>44</td>
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<td>7</td>
<td>Inadequate system hence the need to add 3rd party systems</td>
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<td>45</td>
<td>Not paying people</td>
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<td>10</td>
<td>Huge risk</td>
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<tr>
<td>46</td>
<td>Lack of auditing facilities</td>
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<td>Difficulty to check &amp; audit</td>
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# Whole of Life Cost Details

**APET Report for: PIPS**

<table>
<thead>
<tr>
<th>Supplier</th>
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<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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<tr>
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### Whole of Life Cost Details

**APET Report for: PIPS**

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<tr>
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<th>Year 3</th>
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# Whole of Life Cost Details

**APET Report for: PIPS**

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Capital</th>
<th>Expense</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Whole of Life Total</th>
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<tr>
<td>third party system maintenance</td>
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</table>
Review of Human Resource Management Information Systems within Australian Public Sector Jurisdictions

June 1999

Controlled/Uncontrolled Copy

Prepared by
Tanya Murphy
Jenni Purkis
Gregory Moo
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1. Introduction

This report presents a summary of the issues and lessons learnt by a number of Australian public sector jurisdictions in the implementation of new Human Resource Management Information Systems (HRMIS). The study is a component in the current project to review the operations on the current HRMIS system and associated work practices in the NT.

The review of the current HR management system PIPS and work practices was commenced by the Department of Corporate & Information Services in March 1999. The key drivers for the review are that:

- PIPS is nearing the end of its product life cycle and the customer base is diminishing.
- PIPS is inflexible with regard to accommodation in changes to conditions of employment through enterprise bargaining without reprogramming the system.
- PIPS is managed in the main as an information technology system rather than a businesses system.
- Exiting contact with DMR expires December 2001.

The objectives of the review are to present a business case detailing the costs and benefits for the viable options of future development of human resource management in the NT.

The following section describes methodology adopted, Section 3 presents a summary of the findings, Section 4 describes some of the key issues encountered by the agencies and Section 5 presents the interview questions. Appendix 1 presents a summary of the interviews.

2. Methodology

A number of other government jurisdictions have recently gone through the evaluation of their HRMS systems and have implemented replacement systems. The NT Public Sector in considering a holistic business approach to either remaining on the PIPS system or considering replacement can learn through its interstate counterparts experiences with regard to the:

- Identification of key business drivers.
- Methodology adopted in the selection process.
- Significant implementation issues.

The agencies visited were selected to cover the most commonly used systems and interviews were conducted with the HR managers responsible for the implementation and operation of the systems. The following organisations were interviewed to provide a broad view of the range of solutions adopted and agency similarities to the NTPS (including - classifications, employment conditions, etc):

- Department of the Premier and Cabinet, QLD (SAP)
• BHP, Queensland (SAP)
• Australian Custom Services, Australian Public Sector, Canberra (Peoplesoft)
• Australian Federal Police, Canberra (SAP)
• The Treasury Australian Public Service, Canberra (Aurion)
• Remus HR Consortium, Tasmanian Public Sector, Hobart (Remus)
• Department of Education, Tasmanian Public Service, Hobart (Remus)
• Department of Health and Human Services, Tasmanian Public Service, Hobart (Remus)
• Department of Premier and Cabinet, Tasmanian Public Service, Hobart (Remus)

Interviews were conducted by Greg Moo, Director Projects & Consulting Information Technology Management Services - DCIS, Tanya Murphy, Manager Information, Office of the Commissioner for Public Employment and Jenni Purkis, Human Resource Policy Consultant, OCPE.

The interviews were framed around a standard set of questions to enable comparison of experiences. These questions asked, deliberately aimed at highlighting problems/issues encountered to that NTG could learn from them and avoid the same mistakes. A full list of the questions is presented in Section 5.

3. Summary of Findings

The following is a summary of the common objectives and issues that emerged in the interviews.

3.1. Background and Business Drivers

In all cases the imperative to move to new systems was the termination of exiting contract arrangements for HR and payroll services. Agencies did not develop formal business cases for the replacement of existing systems as they had fixed deadlines to get off these systems. The Australian Customs Service was the only agency that identified significant benefits in moving to new systems (derived for employee self service or REI) however nobody had identified major cost savings.

The selection of systems in Qld and the Federal Government was restricted to predefined panel contracts. In Tasmania a whole of Government contract was already in place with one company (Rhemus) however it was not a mandated system.
3.2. Implementation

The primary drivers for implementing replacement HRMIS systems were external factors, such as the need to replace their payroll system and/or year 2000 compliance related issues. In all cases, the organisations indicated that, with hindsight, had the timeframe been more flexible they would have prepared and implemented differently.

Most indicated that insufficient time and effort was devoted to defining the business rules and processes prior to implementation. This resulted in greater expenditure as expensive consulting resources were used to define the current processes and configure the system. Some also stressed the need to rationalise awards and other specific requirements before implementation. They commented that 18 months was the minimum time to select an implement a new system.

The most successful projects involved dedicated project teams with a combination of HR and consulting personnel covering all aspects of the implementation. In Canberra there was a shortage of skilled consultants because all agencies were implementing new HR and Finance systems at the same time.

Most sites developed marketing and communications strategies including regular news letters, users forums and training programs. They noted that this could have been improved however all claimed successful implementations because the fixed deadlines for payroll processing had been met.

Nobody had developed complete data migration and archiving strategies and in most cases only current employees records were moved from the existing systems to the new ones. Historic records were retained in the old systems however there were no strategies for the retention and retrieval of these records. The AFP approach was to retain the data but insist that any effort to retrieve it would be funded by the people wanting the data and if it was important enough they would find the funds to employ programmers to extract it.

3.2.1. Architecture

The systems were implemented on a variety of architectures including mainframe, unix and Windows NT environments in both centralised and decentralised installations. All agencies had wide area networks linking sites and did not identify any major performane problems.

Interfaces were mainly developed for financial systems and payment/banking systems. Some sites had separate payroll providers however all the systems examined had integrated payroll modules which did not require separate interfaces. Some agencies had taken payroll processing in-house because it was more cost effective with the new systems.

The level of integration between the HR and Finance Systems varied greatly depending on the needs of the agency. In some instances there was a high level of integration (eg drill-down from salary costs in the ledger to employee records and time sheets). At the other extreme one comment was “It’s a HR system not a financial system”.

3.3. Functional Features

All systems implemented were reported to be very flexible in terms of their ability to be configured to meet multiple award conditions. One of the major strengths of the new generation of HR systems is their ability to be configured to suit requirements. All agencies had very complex award conditions and the full range of employment categories and had no difficulties in implementing these in the systems however they all stressed the need to minimise the need for customisation or complex configuration. Where possible the vanilla product should be implemented and, if necessary and possible, business rules and/or processes should be re-engineered to match the system.

Most vendors do not support customised features of their products so reviewing and redesigning such rules and processes would enable both the financial and human resource costs associated with implementing and maintaining a HRMIS to be minimised and managed. The capacity to develop both an initial NT Government template of common business rules and the ability to manage future changes globally (through the enterprise bargaining process) is seen as critical to this process.

As one manager put it .."If you don’t take the opportunity to re-develop your business process at this time you will end up re-producing the existing system with its inherent flaws".

All systems provide a payroll function and while few organisations have retained the disbursement function, the example of the Australian Federal Police could warrant further investigation. The capacity to streamline the disbursement process and attract revenue may be an appropriate initial phase that would, if subsequently outsourced, reduce future costs.

3.4. Operational Support

A variety of operational support models were developed but all were based on a central system management pay processing team. Only the Australian Customs Service had moved to implement full employee self service (ie staff entering their own time sheets and leave requests). The Australian Federal Police plan to have all end user interaction (eg timesheets and rosters) with the system done via their PROMIS application (which is the system recently implemented by the NT Police).

3.5. System Performance

The Customs service has experienced processing problems with the Peoplesoft system due to the volumes of transaction data which is being captured. No other real concerns were identified with system performance and response times. The existing network and desktop infrastructure in the NT would support any of the systems reviewed.
3.6. Other Lessons for the NT

All organisations rushed implementation, without any real/significant BPR, given the flexibility of the systems – you can configure for whatever you need – thus do the work upfront and get it right from the start otherwise you will end up with a system that will be unnecessarily costly to maintain, not give you the functionality or reports needed.

The cost of external consultants was highlighted in Canberra however the timing of an NT implementation would benefit from the recent experiences of these organisations, the development of the product and procedures by the vendor and the alleviation of the shortage of skilled resources as greater quantity and skill levels will be available in the marketplace and costs should be more competitive.

With an 18 month implementation schedule, the decision to replace the current system will need to be made by late 1999 to allow a July 2001 introduction.
4. Summary of Issues

4.1. Functional Features

Dept of Premier and Cabinet, Qld

System - Aurion Version 7 (character based)

For each classification within the Qld public sector there are three different program rates. The system is very flexible in accommodating award changes but there is a need to set up and maintain the different awards. One of the benefits of Aurion is its processing of part-timers and casuals, however its strength is not in shiftworkers.

There is no transfer of employee records between agencies, even with those also using Aurion as each agency has set up their system with different configurations. (This, however, is more likely to be a result of a lack of sector-wide configuration consistency rather than a fault of the system.)

The HRD module requires a competency performance management framework for it to be used effectively. Workflow (REI) has not been implemented due to the cost of server licensing fees, but will be when upgrade to version 8 is implemented (web front end). Payroll is done within the system, with CITEC being used as the payroll distribution service.

BHP, Qld

System - SAP

The system is very flexible. It has a good rostering system, accommodates casual and part-timers and is easier to maintain. All award conditions and changes can be accommodated.

Payroll is done in SAP but BHP do not do their own disbursements.

The management reporting capability has many features and a data warehousing capacity.

SAP supports just about all flavours of technology.

The more customisation made to the vanilla product, the greater the risk associated with creating and maintaining interfaces.
System - PeopleSoft

The system is very flexible in coping with multiple awards and can be configured to an individual employee level. (However all award conditions are attached to the 'position' and the employee's pay and conditions are determine by which position they are attached to - contrary to NTG preferred process where awards should be attached to classifications).

The system has so many configuration options, it requires a small team of highly skilled system managers. PeopleSoft only supports and maintains the vanilla product, all customisation is done in-house and requires a strategy to manage the customisations when new releases are issued.

All accruals are based on hours worked and therefore there are no problems with calculations of entitlements for part-timers.

Management financial reporting is not provided within the system and product standard reports are inadequate.

Some processing is slower on PeopleSoft than NOMAD and there are some performance problems due to the growing size of code tables.

There is no archiving capacity.

System - SAP

The system is flexible for changes in award conditions but requires time and skilled resources to change the system. Automation for part-timers and casuals is relatively good. Specialised internal resources are required for reporting. Payroll is done within SAP and AFP are performing all disbursements internally (required business rules and practices to be defined).

System - Aurion Version 7 (character based)

Current version does not have financial management capabilities (version 8 will provided budgeting module when implemented).

The system is relatively flexible and handles part-timers and casual staff. Flexibility for matching changing award conditions is good but requires vendor input, although it allows easy set up of new awards and new starters. Some standard reports are useful, but most users use a third partly
Remus HR
Consortium, Tas

The system supports many interfaces, including superannuation, SAP Financial, CITEC (for payroll disbursements) and TRIM.

System - Remus Classic (character based)

Very flexible in accommodating award conditions. Casual and Part-Timers are processed ok but the system does not support processing for shiftworkers.

There is no transfer of employee records between agencies, even with those also using Remus Classic as each agency has set up their system with different configurations. *(This, however, is more likely to be a result of a lack of sector-wide configuration consistency rather than a fault of the system.)*

Customisation is mainly achieved at configuration level. The 'classic' version does not support workflow (REI), although the 'Power' version will (once implemented). Reasonably high levels of expertise for configuring the system is required. Interfaces between the vendor supported 'classic' version and customisation is maintained in-house.

Dept of Education, Tas

System - Remus Power

The system has the required functionality but the need to implement major award changes has not occurred yet.

Payroll is done within the system but all disbursements and pay slips are done by external providers.

Dept of Health &
Human Services, Tas

System - Remus Power

Calculations for part-timers and casuals are automated. Changes to conditions of service and awards are easily accommodated by configuring the system. Payment of shift workers is being trialed through an interface with another system.

The system seems to have the required reporting capabilities but this is yet to be implemented.

Dept of Premier and
Cabinet, Tas

System - Remus Classic

Remus is labour intensive and not easy to use. It is not desktop orientated and it is difficult to get reports out without the use of dedicated skilled resources.
Processing of part-timers leave averaging could be better.

4.2. Implementation

Dept of Premier and Cabinet, Qld

Conflict between finance and HR people, finance wanted SAP and HR Aurion

Implementation under estimated impact on finance. Need to have expertise on project team from accounting and audit backgrounds.

Engage finance and audit early on

With Aurion the contract required compuware as implementation partner.

SAP used SAP as implementation partners. However, with hindsight it would have been better to use an independent 3rd party implementation partner.

Each department was left to do its own thing. Even though there were lead agencies, there was no real sharing of skill and knowledge.

Implementation has stretched resources in both consultancies and agencies.

Implementation partner provided train the trainer. Technical writers were engaged by agencies/project teams to produce agency specific manuals and training materials. Training documentation is provided on line.

have not established a corporate standard for EIS tools.

July 1 implementation is nice for symmetry for data but too many changes in other systems.

Need to clean up data first. But how to do it properly. (eg; manually check certain problem areas such as part-timers - 10% of workforce)

Rotate end users/operational staff through the project team - communicate what is going on

Keep project team physically close to production area
Corporate will pick up cost of core system

Business units to pay for all customisation

Would look at parallel running in testing phase

Six pay cycles with a selection of employees.

Then live full parallel runs.

Then fazed implementation by business unit

Will use a central project group to roll out to all sights-
critical to have maximise utilisation of resources so that
level of operational function can continue to be maintained
throughout implementation phase.

Template agreed business practices to feed into their
configuration of the system

Implementation methodology ASAP from SAP- using
standard templates etc

Should use a mix of implementation consultants and
internal staff to keep some skills in house- if not pushed by
dead lines

With vanilla roll out can have extremely rapid
implementation

% breakdown on cost depends on what client does and the
amounts of consultant involvement- reduce costs and risks
by extending implementation process

Weakness / Risks

staff retention after they have been skilled up and
availability of skilled staff

creation and maintenance of interfaces

Finalise business rules, which takes many months

Configuration 2 months

Testing 2 months (training and data conversion was
carried out in parallel with configuration and testing)

Parallel run 2 months
Appropriate qualified and experienced staff

Skilled project team.

Implementation started in January.

Scoping was December/January

Custom Business rules determined during scoping period

Implementation team was Deloittes (implementation partner)

Prime contractor - QSP - PeopleSoft Team

Project Manager- HR and Finance

Project Manager - ACS (6-7 staff)

Project Manager - Consultant (about 7 as a team)

Schedule/Budget

Scheduled to go live 1 July 1998 because of NOMAD and NEWPAY

Ended up going live 17 September 1998

Scoping study also ran into EBA changes

Not getting enough history records

System update for establishment now requires 2 full time employees

Not much attention in archiving (nor within rest of APS Government)

Training documentation was mainly developed in-house. Having problems with level/quality of user documentation (ie; no procedural descriptions) because the client needs to specify how the system will be used.

Training

Was mainly procedural based but would have been better to include a more conceptual view which is needed for
products like PeopleSoft.

Vendor training was mainly technical

Implementation

Data migration is a nightmare - quality of data is poor.

NOMAD allows conflicting data entry, eg; SPR and Nominal verses Actual

PeopleSoft has a much more rigorous data structure

Used in-house electronic conversion

No real problem with standard employees. Most problems with "time in attendance" and shift working

Have not implemented major changes in business process

Much more focus on business process and impact on end users

More broadly based implementation team (more than just NOMAD experiences)

Slower implementation to automation and remote entry

Evaluation involved inviting the 3 panelists in to demonstrate their products and to clarify AFP business needs.

Specification and business needs from previous system used as starting point for function/business specifications.

Did their own assessment of these systems against their business requirements.

Did a 3rd phases evaluation where AFP provided data and scripts for normal HR functions and vendors was asked to demonstrate with this.

Special business requirements/rostering (this eliminated one of the systems).

Then short-listed and selected SAP.

NB: SAP- financials had already been selected. This was a strong influence on selection.
Has also resulted in the merging of some roles in the organisation.

Had already reengineered payroll processing prior to upgrade so could not identify further staffing reductions as a result of implementing.

Implementation

Went live in July 98 after 9 months of configuration and implementation (which was very short)

Did not do enough business process definition and reengineering.

Did not do enough analysis on how the system and business process integrates.

Had to let system drive the business processes otherwise costs escalate.

Getting this right will save considerable cost and effort following implementation.

Implementation on 1 July was driven by hard deadlines because of DoFA and NEWPAY.

AFP brought in an implementation partner - critical to select the right partner, and small focused internal team.

Small internal team ended up costing more in the long run (eg; delays in roll out) ie they are still in implementation mode.

Large cost - poor moral and bad data.

Implementation problems - inadequate change management and communication.

Implementation schedules moved around and not met go live dates.

Implementation costs were much larger than budgeted for (ie small project team was too small).

Initially considered moving all historical data (ie; in two previous systems) with limited enquiry access.

Brought forward all data for current employees and most separated employees for last 5 years (necessary to meet
legal requirements such as long court dates)

Was contracted separately to another service provider (experience in SAP implementation and training). They customised documentation and training for AFP this worked relatively well.

Worst aspects.

Lack of experience in the use of the system.

Difficulties in pinning down implementation consultants.

At the end of the day choice comes down to personality (who you can work with).

Best aspects (what worked well).

Was putting together the total project team.

More effort in business process re-engineering and change management.

Bigger quicker hit implementation (Big Bang) with more resources rather than drip feed.

More care in defining deliverables (micro detail eg reconciliation, payroll) from implementation partner.

Need real business knowledge/expertise in operations and audit in planning phase.

Need to specify the individuals and have continuity in implementation partners.

Treasury, ACT

HRS rapid growth therefore stretched over larger client base.

Remus HR Consortium, Tas

1993-1994

Tender specification was too large and too detailed.

Evaluation methodology too complex.

Process
Implementation pilot (Concept chosen) - later abandoned as did not deliver what was expected.

Empower (Remus Classic) final selection. Target date Sept 95 for implementation.

Implementation

A central data base administrator (key person who had HR knowledge)

Facilities management team (Computer services branch for hardware)

4 internal staff

used consultants for QA

Big task to get information together - validated and loaded into Remus (previously a combination of manual records and information stored on dispersed hard drives.

No major problems experienced.

Feel they may have spent too much time planning and not enough doing.

Customisation of product was required (especially for Police and sick leave). Vendor delivered customisation on time.

Establishments module implemented 1st followed by payroll in October 1995.

Reduce time on evaluation process, however they were please with the process.

Reference site checking was considered to be very useful.

Structured presentations from vendors.

No agency has fully implemented all features of the system

Dept of Education, Tas

Started process 18 months ago
Shopping around

vendor presentations

Existing consortium was in place - did not need to go through an external tender process - bypassed procurement process by joining the current contract / consortium

Planning started July 1998

13 months to live

1st site live December 1998,

2nd site live April 1999,

balance by July 1999

Transition was progressive - arranged gradual move off bureau service

Project Team

1 fulltime from consortium

internal resources from internal IT services

KPMG assistance - QA

Would put more effort into front end / planning before going live - loading data, resources and equipment (not enough time or resources to implement)
"paying people is not something you consider not doing - it's core business"

Resources were taken from operational teams leaving operational pay teams short.

Had planned to be fully live by May 12 - Spent $1.8 mil Vs budgeted $1 mil for implementation (approx. 10,000 employees)

Lacked ownership by Steering Committee

Change management

Training / documentation

More planning and resources up front
Dept of Health & Human Services, Tas

Taking much less time because of experience in other department (Education)
(However for a fresh start - need 2 years)

Pilot sites

Housing division - autonomous group

Nothing complex with these

Opportunity to get experience for the project team

Staged roll out - "simple" areas first

Need to identify and assign responsibilities for business process reengineering

Need to be very focused on realizing benefits in new features and processes

Change management for staff on new system

OH&S issues with full time keyboard use

Risks - Use auditors to manage risks in data quality and security / access

Set up a project team with easy contact with end users

Do lots of marketing and communication

Use a dedicated documentation resource for production of user documentation

Use dedicated BPR consulting resource up front to revise/restructure

Need a strong committee and sponsor

---

Dept of Premier and Cabinet, Tas

Functional specifications

Tender evaluation

Evaluation criteria

Scoring responses
Demonstrations
Testing
Selection and endorsement
Don't under estimate the size of the task
Plan
Resources
Centralize all out-put requirements
Cover all priorities for coding
Need to address business rules and processes prior to implementation and get them right.
Set realistic expectations on what system will offer to end users and management.
Need dedicated project implementation team with broad business cross section of skills including finance.

4.3. Marketing and Communication

Dept of Premier and Cabinet, Qld
BHP, Qld
Aust. Custom Services, ACT
Aust. Federal Police, ACT

xxx
Selection of R3 was mandated but therefore required more selling.

Was very active before system went live. Regular newsletters, ie; telling employees how to use the system
Did not do enough on business process
Conducted train-the-trainer for regional staff

Implementation problems - inadequate change management and communication.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Notes</th>
</tr>
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<tbody>
<tr>
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<td>Xxx</td>
</tr>
<tr>
<td>Remus HR Consortium, Tas</td>
<td>xxx</td>
</tr>
<tr>
<td>Dept of Education, Tas</td>
<td>Almost silent in previous management</td>
</tr>
<tr>
<td></td>
<td>Have not done extensive marketing for executive reporting.</td>
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<tr>
<td></td>
<td>Did not give reporting functions enough priority</td>
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<td>Change Management</td>
</tr>
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### 4.4. Data Migration and Archiving

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<td></td>
<td>There are some moves to lobby for whole-of government archiving policy</td>
</tr>
<tr>
<td>BHP, Qld</td>
<td>Data conversion- fairly straightforward from R2 - many solution providers.</td>
</tr>
<tr>
<td></td>
<td>data conversion was conducted in parallel with configuration and testing</td>
</tr>
</tbody>
</table>
4.5. **Post Implementation**

Creation and Maintenance of Interfaces (super, financial, etc)

On-going support model

**Dept of Premier and Cabinet, Qld**

Have been live for 3-4 pays. So operational support is still with project team

Application support/infrastructure

aim is to shrink by 2 with introduction of workflow (net reduction of 1 because of administrator role)

There are some moves to lobby for whole-of government archiving policy

There is an approach to set icons on PC (trailing with 7 managers) to access a series of standard reports in excel format.

Interface is being built with HR Consulting to their data warehouse (HR)

Management's concerned with never ending project; eg always upgrading - SQL, web, workflow, etc

**BHP, Qld**

xxx

Have not integrated QSP Financial with PeopleSoft

Number of interfaces use COGNOS to generate summary information which is then passed to budgets

Not getting satisfaction from PeopleSoft in addressing integration

Payroll runs through system - DDP file - Reserve Bank

All payroll data deductions etc done in system

Interface with Commonwealth Super but not fully functional yet. Doesn't meet requirements - doing manual reporting.

Pursuing whole of government reporting

When HR models are implemented, (expect) will have much better reporting

**Aust. Custom Services, ACT**
Aust. Federal Police, ACT
decided whether to continue outsourcing of training and documentation.

Don't have all the interfaces specified yet eg. ComSuper, ABS.

consider outsourcing payroll disbursements.

Business objectives are on target but will take another 12 months before fully met. ie; off homegrown system and met implementation live date.

Treasury, ACT
Dialog (REI) - have completed technical set up - about to rollout.

Management is reasonably happy, but they want more reports.

Remus HR Consortium, Tas
- plan to upgrade to Remus Power version (GUI / windows) in the future:
- New version (yet to implement) will have Internet Workflow based front end
- Not fully implemented all features of the system.
- Reporting objective not met - next focus.

Dept of Education, Tas
real management priority is to get the reporting functions going

have a long term objective to implement workflow but reporting comes first

still to complete implementation of payroll

Scope for development

Still to deliver on management reporting

General staff have had difficulty in adjusting to new system

Payroll users - generally ok, now focusing on change management
<table>
<thead>
<tr>
<th>Dept of Health &amp; Human Services, Tas</th>
<th>Objective - interface between rostering and HR system to automate calculation and payment of shift allowances - Realize savings in process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Timeframe - central then regions - objective, to be paying all staff out of Remus by December 1999</td>
</tr>
<tr>
<td></td>
<td>Have not finalised the support model but obviously major changes in staff structures</td>
</tr>
<tr>
<td>Dept of Premier and Cabinet, Tas</td>
<td>Strategic reporting not yet fully developed</td>
</tr>
<tr>
<td></td>
<td>Value added modules not implemented yet (recruitment, training, resource manager)</td>
</tr>
</tbody>
</table>
5. Interview Questions

5.1.1. Background

When did the project commence?

What were the business drivers behind the initiation of the project? (anticipated costs and benefits)?

What system/s were already in place?

What systems were considered in the selection process?

Did you have any special requirements?

What factors influenced the selection of the particular product?

5.1.2. Implementation

General details of the implementation approach and timetable, ie phased, centralised etc..

What resources and skills were used, in house, from vendor and from 3rd party consultants?

What were the major problems and issues encountered in the implementation?

Were the implementation schedules and budgets met?

What data/items were migrated from existing systems and what were the associated issues?

For data that has not been migrated, how is the information being archived and managed?

How does the new system manage archiving?

How effective was training and user documentation?

General comments on good and bad features of the implementation?

What marketing and communication strategy did you adopt?

5.1.3. Architecture

What is the technical architecture of the system, servers operating systems, data bases, client software and networking?

What interfaces have been implemented to sending and receiving data?

How have you interfaced or integrated with the financial management and payroll systems?
5.1.4. **Functional Features**

How well does the system manage multiple award conditions and changing award, tax and superannuation requirements? (eg; range of classifications, part-time employment and varied shift arrangements)

Have you customised the system to meet particular requirements or are there sufficient parameters driven features?

What was the level of flexibility the system offered for making changes, particularly as a result of EBA changes?

How are management reports and executive information generated?

How does the system perform in meeting whole of government reporting?

Was the system user friendly from a manager perspective for adhoc reporting?

5.1.5. **Operational Support**

What is the management and user support model for the system?

What level of vendor support is required and received to provide advice and correct faults and implement enhancements.

5.1.6. **System Performance**

How does the systems audit and evaluation modules compare to your previous system?

- Processing checks and balances?
- Processing response times?
- Number of consecutive users?
- Peak load times (in conjunction with casual users)?

5.1.7. **General Assessment**

Were the business objectives for the system met?

What is the level of end-user and management satisfaction with the system?

What are the strengths and weakness with the system?

What would you do differently next time?
6. APPENDIX 1 - Summary of Interviews

6.1. Qld Department of the Premier and Cabinet

Tuesday, 1 June 1999
Project Manager (HRMIS)
Queensland Public Sector
Brisbane

1995 Qld Govt. decided to move off a mandatory system (MSA)

1996 EOI - shortlisted
- lend lease solution series
- Mincom (Lattice)
- SAP
- Aurion

Resulted in a Panel Contract

Health - Lattice

Education - Lend Lease

Remaining - SAP or Aurion

Early 1998 - Mincom announced no further support for Lattice (Lattice not Y2K)

Panel contract consists of 3 components
- Software
- Consultancy
- Facility management

Consultancy Panel was not very restrictive and thus not very successful. Many of the players didn't get any work. (no real qualification on this statement given)

Facilities management was also unsuccessful. Bids were required prior to submitting software: CITEC, and some others

Previously the majority of Departments were on the same system but now no integration between systems. Now, on transfer between agencies the persons record is separated and the receiving agency has to recommence them. There is no electronic transfer of records. Even when Departments have the same system, those systems have different configurations so can't transfer data electronically. (This is considered to be a disadvantage to previous system)
configurations so can't transfer data electronically. (This is considered to be a disadvantage to previous system)

Do have a minimum government reporting requirement but pretty basic and was a minimum tender requirement.

All agencies have SAP Financials - but some variation in integration with HR System.

Cost codes are synchronized between the two systems and ledgers are updated on a fortnightly basis.

Authorised SAP users can drill down into Aurion to see employee records.

6.1.4. Drivers to move to a new system

- Poor management reporting
- Old technology
- Perception that it was an expensive system - however it wasn't
- Didn't like compulsory nature of the system (ie; mandated)

Selection process - People Soft missed out because of poor presentation

One of the benefits of Aurion is its processing of part-timers and casuals - use time sheets

Aurion strength - not in shift workers. Health and Emergency Service chose Lattice because of its ability to deal with shift workers.

6.1.2. Implementation

Voluntary for Departments to select a start date. However, CITEC was concerned with fixed costs rising. SAP Departments formed a consortium and moved rapidly. Tourism, Sport and Racing completed business cases March 1997.

Conflict between finance and HR people, finance wanted SAP and HR Aurion

Each Department was to fund their own implementations and have proved very expensive.

Software licensing has only been about 10% of total cost.

With Aurion the contract required compuware as implementation partner.

SAP used SAP as implementation partners. However, with hindsight it would have been better to use an independent 3rd party implementation partner.

Each department was left to do its own thing. Even though there were lead agencies, there was no real sharing of skill and knowledge.

Implementation has stretched resources in both consultancies and agencies.
6.1.3. **Major problems/issues**

- All Departments have underestimated the complexity of leave e.g; LSL for PT
- Underestimated the lack of quality of existing data
- All Departments were delayed in payroll go live dates

6.1.4. **Data Migration**

In the departments Russ was involved in, conversions were done manually. Manual migration takes longer and parallel running strains system.

Agencies with larger number of employees - automated - but time spend purifying data - costly

Archiving has not been well managed (is staying on old, stand alone PCs - which when removed from business unit - data is lost)

There are some moves to lobby for whole-of government archiving policy

6.1.5. **System flexibility**

- Aurion version 7, for each classification there are three different program rates
- Need to set up different awards. System is very flexible in accommodating award changes
- The HRD Aurion module is the least used, however, Premier and Cabinet is the leading users. It requires a competency performance management framework for it to be used effectively.

6.1.6. **Architecture**

- Win NT - SQL server
- Win NT - application servers
- Version 8 or Aurion requires web servers.
- Distributed servers for regional centers

Have not implemented workflow because of SQL server licensing fees but will happen with web front end.

Other Departments on Aurion have Oracle

Agencies or clusters have established their own WAN
6.1.7. Interfaces

- Payroll is done within system. CITEC is used as payroll distribution service and currently building an interface with HRM (HR Consulting - benchmarking)
- Stuck with a single service provider.
- Superannuation - all QLD employees are in state government super scheme.

6.1.8. Training and User Documentation

Implementation partner provided train the trainer. Technical writers were engaged by agencies/project teams to produce agency specific manuals and training materials. Training documentation is provided on line.

6.1.9. Management Reporting

There is an approach to set icons on PC (trailing with 7 managers) to access a series of standard reports in excel format.

Have used ODBC/Access as a reporting tool. However is restricted because of security concerns. Interface is being built with HR Consulting to their data warehouse (HR)

But have not established a corporate standard for EIS tools.

6.1.10. Operational Support

Have been live for 3-4 pays. So operational support is still with project team

6.1.11. Application support/infrastructure

- CITEC looks after facilities management and payroll distribution. Still having some problems.
- Also have an Aurion user group for QLD Govt.
- 1 full time systems administrator
- 7 operational salaries processing clerks
- 20 people in HR branch
- 1400 total employees
- aim is to shrink by 2 with introduction of workflow (net reduction of 1 because of administrator role)

The general quality level is reasonable/better than average.
6.1.12. General Assessment

- Business objectives have been met - in relation to getting off the old system
- Better management reporting
- Potential for workflow automation - moving towards
- HR staff are very satisfied. They like GUI
- Management's concerned with never ending project; eg always upgrading - SQL, web, workflow, etc

6.1.13. Strengths

- Management reporting via excel
- Implementation under estimated impact on finance. Need to have expertise on project team from accounting and audit backgrounds.
- July 1 implementation is nice for symmetry for data but too many changes in other systems.

6.1.14. Do differently next time:

- Need to clean up data first. But how to do it properly. (eg; manually check certain problem areas such as part-timers - 10% of workforce)
- Engage finance and audit early on
- Rotate end users/operational staff through the project team - communicate what is going on
- Keep project team physically close to production area
6.2. **BHP - Queensland**

**Tuesday, 1 June 1999**

**Business Development Manager**

**Business Drivers**

- BHP IT 14,000 staff; 20 people managing HR/finance now down to 6.
- Main focus to reduce operational staff.
- Reduce enquiries.
- Allow decentralised management.

Previously shift worker timesheets completed, signed off then fed into system manually.

Move to payment by exception.

SAP-R2 has good rostering features.

Easier maintained - easier to accommodate award conditions.

Recently have added features to accommodate casual and part-time.

Selection of R3 was mandated but therefore required more selling.

6.2.1. **Implementation**

- Corporate will pick up cost of core system
- Business units to pay for all customisation
- Would look at parallel running in testing phase
- Six pay cycles with a selection of employees.
- Then live full parallel runs.
- Then fazed implementation by business unit
- Will use a central project group to roll out to all sights- critical to have maximum reused by 30, FTE plus 60,000 employees.
- Template agreed business practices to feed into their configuration of the system
- Implementation methodology ASAP from SAP- using standard templates etc
- Should use a mix of implementation consultants and internal staff to keep some skills in house- if not pushed by dead lines
- With vanilla roll out can have extremely rapid implementation
% breakdown on cost depends on what client does and the amounts of consultant involvement- reduce costs and risks by extending implementation process

6.2.2. **Technical Architecture**

- SAP supports just about all flavours of technology
- Centralised data centres. Can also centralise application servers and it had a fairly thin client

Payroll in the main done in SAP but not disbursement.

Data conversion- fairly straightforward from R2 - many solution providers.

Management reporting- many features and data warehousing - BFW.

6.2.3. **Workflow**

- Main Roads and Transport are just implementing workflow through notes. (Check Paul's NT- also implemented)

6.2.4. **General Assessment**

- Weakness / Risks
  - staff retention after they have been skilled up and availability of skilled staff
  - creation and maintenance of interfaces

6.2.5. **Implementation Time Frame**

- Finalise business rules, which takes many months
- Configuration 2 months
- Testing 2 months (training and data conversion was conducted in parallel with configuration and testing)
- Parallel run 2 months

6.2.6. **Key Risks**

- Appropriate qualified and experienced staff
- Skilled project team.
6.3. Australian Custom Services

Wednesday, 2 June 1999
Director Workforce Planning
(Responsible for system administration)
Australian Public Sector
Canberra

The project started two and a half years ago.
- APS - moved to panel of five.

Assumed each agency would select one from the five.

Australian Custom Services and Dept of Vet Affairs were the first to move in mid 1997 with a live date by mid 1998.
- selected PeopleSoft HR and QSP Financials

The project team was established at the end of 1997.

The evaluation phase for ACS and DVA established Commonwealth template - established core commonwealth requirements. Also looked at customising system with the objectives of employee self-service and automated processing.

ACS have 4000 employees, 1400 of which are shift workers and of that 1400, 1000 are airport based and have lots of allowances.

David Leonard's role commenced in August 1998 as Systems Manager.

6.3.1. Business Objectives:

- Move to centralise all payroll processing
- Consolidated payroll and finance in Melbourne
- Reduce accounts and payroll staff by 10 (was 45, reduced to 35)

6.3.2. Implementation

So far they have fully implemented

- personnel processing,
- Pay outcome
- Full employee self service
  - All leave
  - All staff movement
• All overtime

One of the attractions to PeopleSoft was more flexibility

• Implementation started in January.
• Scoping was December/January
• Custom Business rules determined during scoping period
• Implementation team was Deloittes (implementation partner)
• Prime contractor - QSP - PeopleSoft

6.3.3. Team

• Project Manager- HR and Finance
• Project Manager - ACS (6-7 staff)
• Project Manager - Consultant (about 7 as a team)

6.3.4. Schedule/Budget

• Scheduled to go live 1 July 1998 because of NOMAD and NEWPAY
• Ended up going live 17 September 1998
• Scoping study also ran into EBA changes

6.3.5. Migration

Have not migrated data from NOMAD. There are no employee records pre 17 September. Just entered accrued credits as opening balances and moved to real time accrual

Most agencies are still thinking about archiving - now finding data in NOMAD difficult to extract and system (version) is not Y2K compliant.

6.3.6. Issues

Having problems with PeopleSoft because of volume of transaction records associated with each employee.

Eg: Response time for loading a leave application is slow but conducts all calculations when it is done.

Eg: Time sheet processing when implemented was taking approximately 10 minutes to full calculation result. Now in some cases they are taking up to an hour because of the volume of transaction records.

Not getting enough history records
System update for establishment now requires 2 full time employees

Not much attention in archiving (nor within rest of APS Government)

Training documentation was mainly developed in-house. Having problems with level/quality of user documentation (ie; no procedural descriptions) because the client needs to specify how the system will be used.

6.3.7. Training

Was mainly procedural based but would have been better to include a more conceptual view which is needed for products like PeopleSoft.

Vendor training was mainly technical

6.3.8. Implementation

Data migration is a nightmare - quality of data is poor.

- NOMAD allows conflicting data entry, eg; SPR and Nominal verses Actual
- PeopleSoft has a much more rigorous data structure
- Used in-house electronic conversion
- No real problem with standard employees. Most problems with "time in attendance" and shift working

Have not implemented major changes in business process

6.3.9. Marketing

- Was very active before system went live
- Regular newsletters
- ie; telling employees how to use the system
- Did not do enough on business process
- Conducted train-the-trainer for regional staff

6.3.10. Architecture

- Oracle - Sun Solaris - centralised in Canberra
- 2 tier client server
- have LAN, WAN for all major centers
- 2nd tier servers at each major centers - trying to provide dial-up to regions
- client sits on PC
- most processing is done on central servers

6.3.11. Interfaces
- Have not integrated QSP Financial with PeopleSoft
- Number of interfaces use COGNOS to generate summary information which is then passed to budgets
- Not getting satisfaction from PeopleSoft in addressing integration
- Payroll runs through system - DDP file - Reserve Bank
  - All payroll data deductions etc done in system
- Interface with Commonwealth Super but not fully functional yet. Doesn't meet requirements - doing manual reporting.
- Pursuing whole of government reporting
- Interface with ABS
- User group not really driving outcomes - no other users gone live

6.3.12. Functional Features
- Flexibility in coping with multiple Awards etc
  - Depends on what you want to achieve
- Dept of Vet Affairs took a very conservative approach - no REI, and manual calculation of benefits
- ACS is pushing much harder. System is very flexible but has so many configuration options (programming by another name)
  - Requires a small team of highly skilled system managers - very hard to get and retain appropriately skilled people
- Staff reaction has been mixed. Eg; shift workers used to have all processing done for them and they do not see "self service" as being easy
- All accruals are based on hours of work (real time accrual) and therefore there are no problems with calculations of entitlements with part-timers (currently have approximately have 500 part-time employees)
- Management financial reporting is outside of the system
- Product standard reports are inadequate so therefore have built their own reports using report writer and query tools, but have not yet specified many standard reports.
6.3.13. Management and User Support Model

- They have central help desk, which is currently 2 full-time employees to assist with employee enquiries on how to use the system.
- 0.7 of full-time employee who works on security administration
- 2 full-time employees processing position variations (approximately 16000 variation per annum)
- 2 programmers and 4 business/system people dealing with process issues
- 1 Director - overall responsibility (110% of time)

Implementation coincided with outsourcing to EDS who manage the desktop environment. EDS provide hardware, oracle DBAs and project teams do some SQL work.

All super-users are centralised

Vendor does not support customisation. All customisation is done in-house.

PeopleSoft support and maintain vanilla version only. ACS have no strategy to manage customisation when new releases are issued

6.3.14. Model

- Vanilla = OGIT
- Customisation=ACS

(they recommended checking the vanilla version and, where possible, change business rules to suit, to reduce need for customisation)

In general support from PeopleSoft has been poor

6.3.15. System audit

- need to use query tool that can see all updates in separate lines

6.3.16. System perform / response times

- Some things are slower on PeopleSoft than in NOMAD. eg leave entry
- Some problems with bandwidth at some sites and size of tables are getting longer and longer as number of transactions rise. Need an archiving capability.

6.3.17. General assessment

- Have had to consider business objectives
• REI and automated processing would have been much easier without the complexities of shift workers and high levels of automation
• When HR models are implemented, (expect) will have much better reporting
• Most end users are very dissatisfied
• ACS have standard email - support all actions through workflow
• Technical consulting expertise is in extremely short supply

6.3.18. Next time
• Much more focus on business process and impact on end users
• More broadly based implementation team (more than just NOMAD experiences)
• Slower implementation to automation and remote entry
6.4. Australian Federal Police

Thursday, 3 June 1999
Payroll Manager (HR Project Manager)
Canberra

6.4.1. Background

Used to manage the old HR system, which was developed in house.

- old technologies
- needed major investment to update

Chose to replace and got involved in the OGIT whole-of-government process for finance and HR.

6.4.2. Replacement Drivers

- All systems are on mainframe.
- Large Y2K compliance issues.
- HR system was not meeting needs (lack of ongoing investment).
- Could not cost or define benefits with in-house rebuild.

6.4.3. Evaluation of OGIT Panel

- Only had 3 viable options (MINCOM had not signed contracts)
- Evaluation involved inviting the 3 panelists in to demonstrate their products and to clarify AFP business needs.
- Specification and business needs from previous system used as starting point for function/business specifications.
- Did their own assessment of these systems against their business requirements.
- Did a 3rd phases evaluation where AFP provided data and scripts for normal HR functions and vendors was asked to demonstrate with this.
- Special business requirements/rostering (this eliminated one of the systems).
- Then short-listed and selected SAP.
  NB: SAP- financials had already been selected. This was a strong influence on selection.
- Has also resulted in the merging of some roles in the organisation.
• Had already reengineered payroll processing prior to upgrade so could not identify further staffing reductions as a result of implementing.

6.4.4. Implementation

• Went live in July 98 after 9 months of configuration and implementation (which was very short)
• Did not do enough business process definition and reengineering.
• Did not do enough analysis on how the system and business process integrates.
• Had to let system drive the business processes otherwise costs escalate.
• Getting this right will save considerable cost and effort following implementation.
• Implementation on 1 July was driven by hard deadlines because of DoFA and NEWPAY.
• AFP brought in an implementation partner - critical to select the right partner, and small focused internal team.
  • Small internal team ended up costing more in the long run (eg; delays in roll out) ie they are still in implementation mode.
  • Large cost - poor moral and bad data.
• Implementation problems - inadequate change management and communication.
• Implementation schedules moved around and not met go live dates.
• Implementation costs were much larger than budgeted for (ie small project team was too small).
• Software license costs - small proportion of total implementation costs (less than 25%).

6.4.5. Data Migration

"God it's hideous"

• Initially considered moving all historical data (ie; in two previous systems) with limited enquiry access.
• Have not developed real strategies for archiving (ie; data is there and you provide the expertise and cost to get to it).
• Brought forward all data for current employees and most separated employees for last 5 years (necessary to meet legal requirements such as long court dates)
• All data migration was done internally using custom-built extracts (took a good 12 months to finalise data migration).
6.4.6. **Training and User Documentation**

- Was contracted separately to another service provider (experience in SAP implementation and training). They customised documentation and training for AFP this worked relatively well.
- Have not decided whether to continue this outsourcing of training and documentation.

6.4.7. **Good and Bad Features of Implementation**

(NB: There is much more experience with SAP product now).

- Worst aspects.
  - Lack of experience in the use of the system.
  - Difficulties in pinning down implementation consultants.
  - At the end of the day choice comes down to personality (who you can work with).
- Best aspects (what worked well).
  - Was putting together the total project team.
    - Eg accommodation, fridges, cooking, sleeping facilities, provision of meals at desks for critical phases.
  - Good HR management support provided for the team.

6.4.8. **Architecture**

- Centralised UNIX data based environment for data and application.
- Only software on site is the desktop applications.
- Very limited end user access and internal restrictions.
- All end user access to system will be through PROMIS (so users only have to deal with one system).
- Workflow capabilities are all provided through PROMIS.
- Also have an employment management system being built in PROMIS which will interface with SAP.

6.4.9. **Functional Features**

- Previous system was custom built while SAP has their required capabilities but not enough business process reengineering in work practices ("should have slaughtered the roster clerks").
• Need more business process modeling and change management before implementation - ie; control the external environment.
• Automation for part-timers and casuals is relatively good.
• Brought the government template for SAP, which caused some problems. Require some manual work around.
• Most of these problems will be worked through over the next 12 months.
• System is flexible for change but you still need time and skills to change the system.

6.4.10. Reporting

• Need to retain a specialised internal reporting feature.
• Have had problem with government templates.
• Don't have all the interfaces specified yet eg. ComSuper, ABS.
• No collective approach in the federal environment, each agency on their own.

6.4.11. Management and User Support Model

• System administrator, but communication between regions and central area inhibited (regions resisting change).
• Data center is still run by AFP so IT staff deal with vendor direct.

6.4.12. Evaluation Factions

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<th>Flexibility</th>
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<td>Relationship with vendor*</td>
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* important because you won't get much attention post selection.

Federal government SAP users have established a user group. Prospective clients are welcome. Sub group recently formed to deal with pay.

Are performing all pay disbursements internally.

6.4.13. Rationalise number of vendors for deductions before implementation.

• Only one payment per company (regardless of number of branches)
• Determine the size of commission (min 2.5% max 5% - but not against charitable organisations).

• Set benchmarks for vendor deductions (minimum 30 people, minimum $300 total posting, EFT, only one branch).

• Once costs controlled can then consider outsourcing otherwise you can not control costs (for AFP this is worth approx. $80,000 for this financial year in commissions).

6.4.14. General Assessment

• Business objectives are on target but will take another 12 months before fully met. ie; off homegrown system and met implementation live date.

• Management Board - good acceptance.

• End users - mixed because of training and re-engineering (super users delirious).

6.4.15. Next Time

• More effort in business process re-engineering and change management.

• Bigger quicker hit implementation (Big Bang) with more resources rather than drip feed.

• More care in defining deliverables (micro detail eg reconciliation, payroll) from implementation partner.

• Need real business knowledge/expertise in operations and audit in planning phase.

• Need to specify the individuals and have continuity in implementation partners.
6.5. Federal Treasury

Thursday, 3 June 1999
Aurion HR System, Personnel Resources Directorate
Australian Public Service
Canberra

- Treasury was on the old version of Aurion, so the implementation was more of a large upgrade.
- Moved over to new version just before OGIT panel was established.
- Cost of implementation was equivalent to an upgrade.

6.5.1. Implementation

- Completed move to version 7 with pay module implemented on 1 July 1998 - because of need to move off old DoFA pay module.
- SAP financial was also implemented on 1 July 1998.
- Current version 7 does not have financial management capabilities (no administration expenditure module, version 8 has budgeting module).
- 2 full-time equivalent staff for business management (coding, configuration support).
- Treasury's IT staff provide system management support.
- Deal directly with HRS for any fault report/ problems etc.
- Treasury has 530 employees.
  - Most in Canberra.
  - 9 overseas.
  - 6-8 staff Sydney/ Melbourne.
  - 20 agency staff in Melbourne (NCC).
  - Various Board members.
- Dialog (REI) - have completed technical set up - about to rollout.
- Migration - no real issues because it was simply an up grade.
- Archiving - not doing anything at the moment, data is simply being stored

6.5.2. Training and User Documentation

- Primarily using vendor documentation.
6.5.3. Good and Bad Features of the Upgrade

- Was the 1st time the Aurion pay module was used in anywhere in government.
- Biggest difficulty was triangle of HRS / COMPUWARE / client.

6.5.4. Architecture

- SQL database version 6.1.
- Windows NT
- All client software is in windows 98 - maintained by own IT unit

6.5.5. Interfaces

- SAP financial.
- Superannuation
- CITEC tax file number declarations and disbursements. (CITEC - Internet PC encrypts and sends).
- TRIM eg passing through security ratings from Aurion to TRIM
- Most interfaces are small scripts that run regularly.
- Files are FTPed to CITEC.

6.5.6. Functional Features

- Have part-time and temporary employees but system seems relatively flexible.
- Flexibility for matching changing award conditions is good but requires vendor input, ie; consultant for 2 to 3 days.
- HR Policy unit uses Aurion training module
- Security unit uses Aurion Security module.

6.5.7. Reporting

- Can used standard part-timer driven reports that can be output in text or electronic format.
- Most users have a 3rd party query tool.
- Do regular end of pay reports.
- Quarterly HR reports.
• Aurion does not provide any support on whole of government reporting requirements.

6.5.8. Management Support Module

• 2 full-time equivalent system administrators
• 1 personnel team leader

6.5.9. Vendor Support

• HRS has grown very fast and while previously could get in touch with developers, now deal with computer service representatives.
• Only sent 2-4 requests to HRS in the last 12 months.
• Performance is not really an issue.

6.5.10. General Assessment

• Management is reasonably happy, but they want more reports.
• Users are generally happy, not much work around is needed. With infrequent users, remembering what to do is an issue (character based system)
• Weaknesses - HRS rapid growth therefore stretched over larger client base.
• System is very flexible and allows easy set up of new awards/starter etc.
6.6. Tasmania - Remus HR Consortium

Friday, 4 June 1999
Manager Remus HR Consortium
Tasmanian Public Service
Hobart

6.6.1. Consortium

- established in 1993 (Cabinet decision to get off mainframe old system)
- Established by 4 agencies to provide expertise in tendering, evaluation and implementation.
- Scope broadened to include better HR reporting and integrated systems (neither has been implemented at this stage).
- Only supports Remus Classic version (character based) but plan to upgrade to Remus Power version (GUI / windows) in the future.
- Provide support and help service.
- Does all front line service
- Does contract management support.

6.6.2. No clear whole of Government directive or co-ordination.

- Central agency decision not to support existing multiple systems.
- Not driven by Central Agencies (Premier and Cabinet, Treasury).
- Process primarily owned and driven by agencies.
- Main driver was prospect of 500% increase in maintenance and support cost for old systems.

6.6.3. Tenders

- 1993-1994
- Tender specification was too large and too detailed.
- Evaluation methodology too complex.
- Process
  - Culling, then presentation
  - Reference sight checking
• Implementation pilot (Concept chosen) - later abandoned as did not deliver what was expected.

• Empower (Remus Classic) final selection. Target date Sept 95 for implementation.

6.6.4. Implementation

• A central data base administrator (key person who had HR knowledge)
• Facilities management team (Computer services branch for hardware)
• 4 internal staff
• used consultants for QA
• Big task to get information together - validated and loaded into Remus (previously a combination of manual records and information stored on dispersed hard drives.
• No major problems experienced.
• Feel they may have spent too much time planning and not enough doing.
• Customisation of product was required (especially for Police and sick leave). Vendor delivered customisation on time.
• Establishments module implemented 1st followed by payroll in October 1995.

6.6.5. Data Migration

• Had to create organisational records (previous system was not position based). Assembled data into spreadsheet and loaded into system.
• Only one agency brought across historical data because of time frame.
• For many data elements it can not do historical reporting on staffing.
• Do not have any archiving processes. However software enables archiving for Pay and Leave. Currently keeping all data live.

6.6.6. Interfaces

• State super scheme
• Strategic Employment Information Services (data is extracted and up loaded into databases)
• A number of financial interfaces (written in-house).
• DeskBank.
• Disbursements are done by financial systems (on line).
• Have a separate leave liability report.

_The Consortium doesn't believe current interface with financial system is adequate and would like to get away from having costing structure or financial drivers in HR systems._

6.6.7. Functional Features

• Very flexible in accommodating award conditions, but no current interface for rostering (Police manually processed).

• Part-timers and casuals no problems.

• Employment records on transfer between agencies require termination and re-commencement by new agency. Leave, Position and Personnel History are not re-entered only Leave credits/accruals. (ie; no continuous record of employment)

6.6.8. Reporting

• Reporting is OK but have not really got this working well.

• A number of techniques are used to extract data and manipulate in EXCEL.

• There are no real standards for reporting.

• Do not have major Internet reporting capability.

6.6.9. Workflow

• Remus Classic does not have Workflow.

• New version (yet to implement) will have Internet Workflow based front end (currently only one client)

• In Tasmanian government all processing is manual entry.

6.6.10. Benefits

• There was an expectation of reduced staffing but due to very complex and large increase in records (ie; maintaining organisation records), staffing level increased

• Have streamlined/improved manual processes.

• Customisation mainly achieved at configuration level. However,

  • Vendor product - only one product - not customised.

  • There is no shared customisation across sites/agencies.
Reasonably high levels of expertise in configuring system required and Consortium is responsible for interfaces (between standard vendor product and customisations).

6.6.11. Management Support Model

- Agencies using Remus Classic, in the main, come through the Consortium.
- Consortium does fully managed service for small Agencies (payroll).
- System administration group is run by Agencies who retain their own payroll teams and HR units.
- Cost for core product enhancements, which are taken up by the whole Consortium client base, are shared. Core product enhancements, which are not required by the whole group, are paid for at an individual agencies level.

6.6.12. Performance

- Performance issues are resolved as they occur.
- Technical issues are mainly taken care of by the architecture.
- Security is good in processing but somewhat weaker in reporting.
- Contains full audit trails.

6.6.13. General Assessment

- No agency has fully implemented all features of the system.
- Reporting objective not met. Consortium could have done a better job in developing reporting facilities, however initial focus was on implementation of establishment and payroll modules.
- Police have implemented OH&S module and it handles compensation well.
- Satisfaction levels of staff - would say it is complex.
- Most managers would be unhappy because of perceived poor reporting capabilities.

6.6.14. Weaknesses

- Bulk of functions need to be run on-line (CA- 4GL environment).
- Have requested modification to run batch jobs and large reports off-line.

6.6.15. Next Time

- Reduce time on evaluation process, however they were please with the process.
- Reference site checking was considered to be very useful.
- Structured presentations from vendors.
6.7. Tas Department of Education

Friday, 4 June 1999

Director Human & Personnel Services Branch
Manager (HR Support Services), H&PS Branch
Manager (Payroll Services), H&PS Branch
Tasmanian Public Service
Hobart

Education had a bureau service from NCS in Melbourne

- Was a payroll system - not a position based system
- No Y2K guarantee
- Costly

Started process 18 months ago

- Shopping around
- Vendor presentations

Current bureau service was moving to SAP (but this was deemed to be too expensive)

Existing consortium was in place - did not need to go through an external tender process - bypassed procurement process by joining the current contract / consortium

6.7.1. Key Drivers

- Need to get a position based system
- Wanted all HR/Personnel information in one complete system rather than across many systems
- Reduced cost
- Many standard government conditions/rules were already accommodated within Remus Classic - but Education moved to Remus Power (GUI / windows version)

6.7.2. Implementation

- About \( \frac{2}{3} \) implemented with basic payroll processing
- Windows terminal server/WAN environment
- Planning started July 1998
- 13 months to live
  - 1st site live December 1998,
• 2nd site live April 1999,
• balance by July 1999
• Transition was progressive - arranged gradual move off bureau service

6.7.3. Project Team
• 1 fulltime from consortium
• internal resources from internal IT services
• KPMG assistance - QA
• Would put more effort into front end / planning before going live - loading data, resources and equipment (not enough time or resources to implement) "paying people is not something you consider not doing - it's core business"
• Resources were taken from operational teams leaving operational pay teams short.
• Had planned to be fully live by May 12 - Spent $1.8 mil Vs budgeted $1 mil for implementation (approx. 10,000 employees)
• Lacked ownership by Steering Committee

6.7.4. Data migration
• Was coming from a payroll only system
• Dept organised into 6 districts
• All maintained their own databases
• Had to create large volumes of data for position information
• Only brought in enough data to get employees up and running
• Having some issues in defining access rights for archived data from NCS-Melbourne.
• Don't want too much historical data maintained

6.7.5. Marketing
• Almost silent in previous management
• Have not done extensive marketing for executive reporting
• Did not give reporting functions enough priority

6.7.6. Training and User Documentation
• Have 6 x 6 districts, plus 20 centrally as system users
• Very difficult to coordinate training and use
• Used framework documentation from Empower - but was not resourced for the initial rollout
• Looking for systems administrator and 3 systems support staff across the user base

6.7.7. Operational Model
• 30 processing staff

6.7.8. Good features
• go live was done when they were satisfied that the system was ready
• pretty seamless for employees
• achieved well - given constrained resources and has impressed senior executive
• vendor relationship was good
• real management priority is to get the reporting functions going

6.7.9. Flexibility
• System has the required flexibility
• System is ok but have not had to put through major award changes yet

6.7.10. Financials
Is a lot better in integration with financial system
Less work on payroll but more position based information

6.7.11. Workflow
• Have a long term objective to implement workflow but reporting comes first

6.7.12. Reporting
• Looking to a suite of standard management reports
• Looking to drive whole of government directory services for data extracted from Concept
• All disbursements and payslips are done using IT service providers
6.7.13. Financial Systems / Interfaces

- Finance 1
- Superannuation
- Each position cost code hierarchy of cost codes
- Codes are synchronized by feeding from the finance system


- 64K lines and using thin client
- Oracle on Unix in central data center
- Winframe thin client
- System performance is not an issue
- Current - WAN and/or dialup (regions)

6.7.15. General Assessment

- Business objectives were met
  - On time
  - Cost reasonable
  - Functionality ok
- Scope for development
- Still to deliver on management reporting
- General staff have had difficulty in adjusting to new system
- Payroll users - generally ok, now focusing on change management
- Key strengths - GUI front end - looks like Windows
- Surprise/weakness - need to upgrade to 17" monitors -(thin clients) WTS over WAN

6.7.16. Differently Next time

- Change management
- Training / documentation
- More planning and resources up front
- Did not get much transfer of skills or knowledge from Remus because of different development environment
6.8. Tas Department of Health and Human Services

Friday, 4 June 1999
Jill Stosic
HRIS Project Manager
Tasmanian Public Service
Hobart

6.8.1. Drivers

- Health had/have the Bureau Service with NCS
  - Old system
  - Y2K compatibility
- Move to position based system (ie; did not work on establishment basis)
- Money to manage resources - Health had a problem controlling expenditure, especially in hospitals
- Had 4 separate databases across State, so coordinating reporting was a problem
- Goal - move to centralised system with good reporting

All hospitals use a separate/specialised Rostering system but data transfer into payroll system is manual

6.8.2. Implementation

- Objective - interface between rostering and HR system to automate calculation and payment of shift allowances
  - Realize savings in process
- Jill started in March working with IT to bring up trial system
- Timeframe - central then regions - objective, to be paying all staff out of Remus by December 1999

6.8.3. Project team

- 2 full time equivalents (1 project manager, 1 system administrator, data input)
- set up trial environment
  - move couple of hundred people for parallel running of payroll next week
  - 1st live run with pilot group in July 99
- July, 2 more staff
• Team are all existing HR/Salaries operatives

6.8.4. Configuration

Taking much less time because of experience in other department (Education) (However for a fresh start - need 2 years)

6.8.5. Pilot sites

• Housing division - autonomous group
• Nothing complex with these
• Opportunity to get experience for the project team
• Staged roll out - "simple" areas first
• 9,000 employees total.
• 160 HR staff, 76 of which are data entry/processors

Everyone to be paid from Remus by December 1999

6.8.6. Issues and Problems in implementation

• Need to identify and assign responsibilities for business process reengineering
• Need to be very focused on realizing benefits in new features and processes
• Change management for staff on new system
• OH&S issues with full time keyboard use

6.8.7. Risks

Use auditors to manage risks in data quality and security / access

6.8.8. Data migration

• Have already commenced definition of organisation structure and classification
• Not planning to bring any historical information into system.
• Better to put historic data in to data warehouse
• Only bring across accruals

6.8.9. Training

• Will set up their own test, training, position database
- Training will be provided by project team in small groups for users just before system goes live
- Using in-house training documentation developed over previous projects
- Important to get a good documentor on the project team early
- Minimal marketing and communication
- Have not considered archiving for Remus Power

6.8.10. Architecture
- Centralised database
- Meta frame - windows terminal server for client

6.8.11. Interfaces
- Finance 1
- Deskbank
- Superannuation
- Strategic Employment Information System
- Interface for health is similar to education
- Remus Net - intranet, looking at setting up employee self service (full workflow to come later after full implementation)

6.8.12. Functional Features
- Part-timers etc - calculations are fine
  Calculations (automated) reduces much of the workload
- Long service leave etc all worked on a pro-rata basis
- Changes in conditions of service and awards are easily accommodated by configuring the system

6.8.13. Reporting
- Fairly new area, but system seems to have the required capability

6.8.14. Operational support model
- Have not finalised the support model but obviously major changes in staff structures
- Contracts with Empower - relationship is directly between Dept H&HS and provider
Much of the implementation depends on the nature of the agency
IT facilities management do be done by central IT service provision

6.8.15. General advice

- Set up a project team with easy contact with end users
- Do lots of marketing and communication
- Use a dedicated documentation resource for production of user documentation
- Use dedicated BPR consulting resource up front to revise/restructure
- Need a strong committee and sponsor

6.9. Tas Department of Premier and Cabinet

Friday, 4 June 1999
Rob Gunn, Human Resource Systems Coordinator, Corporate Services
Danielle Salisbury, Human Resource Manager, Corporate Services
Tasmanian Public Service
Hobart

Department of Premier and Cabinet was lead agency for implementing Remus Classic

6.9.1. Background

- All agencies required to implement a new payroll and personnel system
  - Cabinet decision - cease central payroll system
  - Costs of remaining on current systems
- A consortium of eight agencies decided to work together to acquire a modern integrated pay and personnel system - to pool expertise and achieve cost savings through economies of scale
- Old system
  - consisted of many un-integrated systems
  - multiple entries of same information
  - payroll not on line, controlled by Treasury
  - manual transfer of data into financial systems
  - manual preparation of management information and statistics
  - information hard to obtain
6.9.2. Key Requirements

- fully operational/functional (customised) payroll, automated download to general ledger
- better leave modules
- affordable costs
- integrated
- easy to use
- low administrative, technical and operation burden
- better quality, timeliness and consistency of HRM information
- better quality of HRM
- better HRM processing functions
- costs within budget allocations

6.9.3. Process

- Functional specifications
- Tender evaluation
  - Evaluation criteria
  - Scoring responses
  - Demonstrations
  - Testing
- Selection and endorsement
- Implementation (Remus chosen)

6.9.4. General Assessment

- Key requirements realized to limited degree
- Remus labour intensive and not easy to use.
- Timeliness improved
- Difficult to get out reports - requires skilled resources
- Not desktop orientated
- Strategic reporting not yet fully developed
- Don't under estimate the size of the task
• Plan
• Resources
• Centralize all out-put requirements
• Cover all priorities for coding

• Migration of data - did not attempt to bring across historical data
• OH&S module only partly utilized
• Value added modules not implemented yet (recruitment, training, resource manager)
• 90% fit with original product
• Part-timers leave averaging could be better.
• Overall the benefits promoted in implementation of the system have only been partly met and from a HR end user prospective Remus is only a payroll system.

6.9.5. General Advice

• Need to address business rules and processes prior to implementation and get them right.
• Set realistic expectations on what system will offer to end users and management.
• Need dedicated project implementation team with broad business cross section of skills including finance.