Evidence of Strategic HRM Linkages in Eleven Australian Corporatized Public Sector Organizations

Teo Stephen

This study explores the adoption of strategic human resource management (HRM) by examining the extent of linkages between HRM and business planning using the Golden and Ramnujam’s (1985) strategic integration framework. The sample is drawn from monopolized statutory public sector organizations (PSOs) which have undergone corporatization in Queensland, Australia. The findings provide support for arguing that commercialization provides the impetus for the HRM function to achieve an improved level of strategic integration with the business planning process. Evidence also suggests that after corporatization, HRM functions within these corporatized PSOs have achieved a strategic status within the business planning process.

Public sector organizations (PSOs) in Australia have undergone a period of significant change during the last two decades. Some of these drivers of change include (1) increasing environmental pressures (both international and domestic); (2) changes in public and community expectations of PSOs; (3) changes in political influences in the management of PSOs; and (4) an increasing demand by both federal and state governments in ensuring accountability. These drivers of change provide the impetus for PSOs to adopt strategic management practices. This Australian experience is not uncommon, as PSOs in other countries such as New Zealand and the United Kingdom have also undergone similar changes.

One of the most significant changes to the Australian PSOs is the breaking up of statutory monopolies, such as railways, ports, and telecommunications, electricity, water and gas suppliers. A number of Australian studies, funded by the federal and state governments, have criticized these monopolized PSOs for their ineffective, inefficient and costly bureaucratic structures and processes. However, Australia’s progression still lags behind other countries such as New Zealand and the United Kingdom.

Public sector reform is usually characterized by the adoption of corporate managerial practices, such as an emphasis on bottom-line profitability, performance evaluation, strategic planning, and the adoption of HRM, instead of personnel management. HRM implies a strategic approach to the people management function, which emphasizes the strategic direction of the organizations. In this paper, the usage of “strategic HRM” is consistent with the definition of strategic HRM found in the public management literature. However, there was insufficient empirical evidence to support the adoption of a strategic approach to HRM in commercialized public sector entities.

In this paper, the research aim is to explore whether strategic HRM has been adopted by corpo-
ratized PSOs. Strategic HRM is characterized by the linkage of HRM with the strategic management process (or strategic integration). A brief introduction to the Queensland public sector contextual environment will first be discussed, followed by a brief overview of the strategic HRM literature. “Strategic HRM” is then defined to ensure that this study is suitably located within the appropriate body of literature. Data collection is by a questionnaire survey of corporatized PSOs in the state of Queensland, Australia. The framework developed by Golden and Ramanujam (1985) is utilized and modified for this research, in order to examine the extent of strategic integration. The intention is to contribute to knowledge by providing a better understanding of the adoption of strategic HRM in these PSOs. Implications from this study will also be discussed in relation to a number of recent studies into the adoption of HRM in Australia and New Zealand.

Public Sector Organizations and Public Sector Reform

Monopolized statutory PSOs in Australia can be found in one federal and eight state or territory-based administrations, with each legislative unit having its own budgetary and HRM responsibilities. These PSOs can be found in a variety of industries, such as telecommunications, transport (including air, rail, tram and bus) and storage, and public utility (such as electricity, water and gas). Reforms began in the late 1980s with the commercialization of these organizations. Subsequently, these PSOs were corporatized in the first half of the 1990s. The speed of reform varies in these PSOs, as the federal and state governments embraced the reform process at a different pace.

The reform process in Queensland began in 1992 with the release of the Queensland government’s Policy Guidelines on Corporatization. In Queensland, corporatization is considered to be a structural reform process, which changes the operational conditions of PSOs in order to place them on a commercial basis in a competitive environment. At the same time, it allows the government, as owner, to intervene by providing broad direction in key performance targets (including financial and non-financial) and community service obligations. For instance, deregulation of the Australian national electricity market allowed additional competition from both international and interstate companies. In order to remain competitive in the diminished national borders and growing market, corporatized PSOs are required to adopt a strategic perspective to the management of scarce resources. In general, commercialization of these entities has been recommended as the solution for making them more competitive in the commercialized market economies.

PSOs can no longer operate in an environment where they do not have to be accountable for the provision of public goods and services to the community. The degree and nature of change sweeping throughout the public sector require the adoption of a new culture; new skills and competencies relating to corporate managerial practices; management of change; and new workplace practices. Consequently, this reform process raises the importance of human resources as a key factor in changing the public sector culture already established in these PSOs.

As part of the structural changes, managerial reforms have been formulated and implemented to create organizations which are flexible and responsive and exhibit characteristics such as customer service culture, results (or output) orientation, flatter management structures, greater devolution of authority, broader and more multiskilled
jobs, and greater concentration on performance and output measures. For example, public sector managers in New Zealand are expected to have more control and less focus on centralized bureaucratic processes.

A major distinctive feature of the public sector reform process is changing employment relations. People management in the PSOs is centralized and bureaucratic. “People management” is used to refer to both HRM and industrial relations (IR) activities, as it reflects the combination of these activities in the Australian context. As PSOs embark on a decentralization process, responsibility for people management is devolved to line management. It has been argued that this decentralized process has an important consequence, as it allows HRM practitioners to focus more on strategic activities, instead of the day-to-day functional activities of people management. It is thus important to provide the empirical evidence required to examine the success, or otherwise, of strategic HRM. If corporatization promotes the adoption of strategic management practices, then it would be appropriate for corporatized public sector entities to adopt HRM, instead of personnel management as part of the reform process.

Strategic Integration and Commercialization

There are different approaches to the term HRM because there is a lack of consistency in the adoption of the term HRM by most researchers. It has been used to refer to personnel management related activities, such as those activities which are mainly concerned with the functional and mechanistic nature of staffing, developing, rewarding, and sanctioning. The emphasis is short-term, focusing on the day-to-day operations of the people management function. This body of literature has also been criticized as nothing different from the emphasis of personnel management research, by stating that it’s just a matter of repackaging personnel management into the modern heading of HRM. HRM has also been used to refer to a strategic approach to people management, and it highlights the need to integrate the people management function with the strategic management process.

This approach suggests that HRM managers should form business partnerships with line managers in the formulation and implementation of people management strategies. Another distinguishing feature of HRM is the decentralization of HR management responsibilities to line managers, rather than centralization as a head office function. The approach to HRM undertaken in this study is located within the second approach, treating it as strategy driven, especially treating the responsibility for people management function as a partnership between HR practitioners and line managers.

Strategic Integration between HRM and Business Planning

In this study, strategic HRM is operationalized by adopting the seven features of the strategic integration framework proposed by Golden and Ramanujam (1985), attached as Appendix 1. This concept of strategic integration is also consistent with the general features of strategic HRM identified in the literature. This framework examines the relationship between HRM and the business planning process. It builds on those characteristics of the people management function identified in the literature (e.g.,
reactive versus proactive; integration of people strategies with business strategies; roles of the senior IR/HRM executives in the strategic management process).

The advantage of this framework is the identification of four different levels of linkage (see Table 1) between people management strategies and the strategic management process: (1) no linkage (administrative linkage); (2) one-way linkage (people management strategies influence business strategies or business strategies influence people management strategies); (3) two-way linkage (reciprocal and interdependent relationship between people management and business strategies); and (4) integrative linkage (dynamic and multifaceted linkage).

<table>
<thead>
<tr>
<th>Types of Strategic Integration</th>
<th>Statement Rank</th>
<th>Features of Strategic Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type I: Administrative Linkage</td>
<td>A</td>
<td>No linkage between HRM and organizational People management function dominated by day-to-day administrative concerns.</td>
</tr>
<tr>
<td>Type II: One-way Linkage</td>
<td>B</td>
<td>A one-way linkage between people management and strategic planning, either people management taking a more active role or strategic planning process taking a more active role in the integration process.</td>
</tr>
<tr>
<td>Type III: Two-way Linkage</td>
<td>C</td>
<td>There is a reciprocal and interdependent relationship between strategic planning process and people management.</td>
</tr>
<tr>
<td>Type IV: Integrative Linkage</td>
<td>D</td>
<td>Dynamic and multifaceted linkage that is based on an integrative relationship between people management and strategic management process.</td>
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</table>

This framework is useful, as organizations can then be categorized according to the extent to which strategic HRM is adopted. At the lower end of this continuum (i.e., administrative linkage), there is little or no emphasis placed on achieving the linkage or alignment needed between people management and business strategies. Personnel management function is mainly reactive, focusing on day-to-day issues. On the other hand, higher level statements (such as those categorized under two-way and integrative linkages) are characterized by a close relationship between people management and business strategies. The linkage between people management and business strategies is consistent with previous research. Such research supports the idea that HRM effectiveness can be explained by examining the contributions of the HRM function in the process of achieving strategic integration. People management strategies should complement and contribute to the improvement of the productive capacity of enterprises, in the short and long term, and should be developed in advance of the actual introduction of formal change to the organization.

Adopting the same framework proposed by Golden and Ramanujam, Robertson’s
1992 study of 16 public service organizations (i.e., non-commercialized) in the Queensland public sector raised a number of issues concerning the adoption of HRM by these 16 PSOs. He found little evidence of formal or informal human resource (HR) planning being adopted, despite the presence of corporate planning processes in these organizations. There was little evidence to suggest that HR planning was integrated with the corporate planning process. Furthermore, HR managers in these organizations were not in the position to influence the strategic decision making process. Robertson concluded that most of the PSOs were categorized as one-way integration, with corporate strategy influencing the extent of HR strategies. This 1992 study was conducted prior to the adoption of corporatization in Queensland. Therefore, it provided a basis for comparison with the pre-corporatization data collected in the current study.

It has been established previously that public personnel management has several perspectives, including (1) a focus on personnel management functions; (2) the process of job allocation; and (3) legislative compliance. Unlike strategic HRM, these features do not consider the influences that impinge on HRM strategies, policies, and practices. By embracing and operating within the forum of commercial competition, strategic HRM should be adopted to allow these PSOs to compete effectively through their human resources. Therefore, the first research objective aims to determine the extent of strategic integration between the people management function and strategic management process as PSOs undergo corporatization.

The extent of strategic HRM is usually influenced by the strategic role played by the senior HRM practitioner in the strategic management process. The role of senior HRM practitioners is crucial in the strategic management process. These Practitioners ensure the appropriateness of the chosen strategies, as demonstrated by the national survey of Australian human resources practitioners. This role is accomplished by being part of the senior executives in the organization and contributing towards the strategic decision making process. This literature suggests that in order for the people management function to be effective in aligning organizational strategies with people management strategies, the practitioner must play a key, strategic role in the process. This strategic approach is different from the traditional personnel management role.

There was little empirical evidence which shed light into the extent of strategic HRM in corporatized PSOs. Most studies, such as that by Robertson, focused on typical PSOs, rather than those from industries such as public utility and transport and storage. Therefore, this research aims to examine whether an improvement in the level of strategic integration can be identified in PSOs after their corporatization.

Methods

The sample of Australian organizations was selected from those monopolized statutory PSOs within the state of Queensland, according to the 1997 official list of corporatized PSOs. The population consisted of 20 entities operating within diverse industries and geographical locations (number in parentheses) such as banking and finance [one]; electricity, gas, and water supply [ten]; and transport [one] and storage [eight]. Two entities were excluded from the survey, including a financial industry PSO because it had been commercialized longer than the other PSOs. The host
organization for the doctoral study was also excluded from this study. The sample, therefore, represented 90 percent of corporatized PSOs in the state. Data were collected during the period November 1996 to March 1997.

The Questionnaire

Since the aim of this study is to explore the extent of strategic HRM linkages, before and after corporatization, retrospective reporting and the perceptions of a single respondent (in this case, the senior HRM executive) are considered to be appropriate for this study. This is because senior HR practitioners had previously been used as a source of information in other studies concerning HRM. However, there are limitations with the reliance on retrospective reporting by key informants, especially in terms of creating a desirable image of the effectiveness of their organizations. To address this limitation, the questionnaire included questions designed to focus on issues not relating to the distant past. In this case, the questions focused on events not longer than six years as corporatization was recently adopted in the Queensland public sector. In addition, the limitations were also minimized by triangulation of data sources (e.g. annual reports, published reports on case organizations, newspaper articles, and interviews with multiple stakeholders in one of the sample organization).

Data Analysis

Respondents were requested to choose one statement in each question which best describes the extent of integration between HRM and business planning (or strategic integration) in their organization before and after corporatization (see Appendix 1). The four statements listed under each question were ranked, categorical statements, each describing a particular feature of the strategic integration between HRM and the strategic management process. A score for each statement was allocated according to the order specified in Table 1 (A=1, B=2, C=3, and D=4). Scores were then aggregated to derive at an ‘overall level of strategic integration’ scale for each organization at time 1 (before corporatization) and time 2 (after corporatization). The scale was then used for comparison to determine the changes in strategic integration over time, using the Paired Samples T-test. Cronbach’s alphas for the overall level of strategic integration scale were 0.89 and 0.58 for time 1 and time 2 respectively. These reliability coefficients were within the range acceptable for statistical analysis. Comparison with other Australian-wide studies would also be made in order to minimize the possible bias caused by retrospective reporting by key informants.

Background Information

Eleven corporatized PSOs responded to the survey, representing a response rate of 61 percent. The questionnaire was completed by the most senior executive responsible for the people management function. Despite personal follow-up, seven PSOs (five public utility and two port authority) declined to take part in this research. These organizations employed a total of 1,090 equivalent full-time (EFT) employees (or 20 percent of the total number employed within the Queensland corporatized PSOs), ranging from six to 420 EFT employees. 193 practitioners were employed in the people management functions.
The sample size was considered to be representative because the responding PSOs represented those from different geographical locations (both metropolitan and regional centers), industry, length of corporatization, organizational size, and the size of the people management function. In addition, further analysis of the non-responding organizations did not provide any evidence to suggest that data from these organizations would affect the generalizability of the results.

Results

Organizational details
Participating PSOs included five public utility and six port authority PSOs, employing a total of 5,479 EFT employees. Public utility PSOs had the largest number, employing 4,602 EFT while the port authority PSOs employed 877 EFT employees. The smallest PSO was located in the regional center with 16 EFT employees while the largest PSO was located in the metropolitan center, employing 2,800 EFT employees. On the whole, these PSOs employed 83.4 percent of the total labor force in 18 corporatized PSOs in the state public sector (total workforce of 6,569 EFT employees).

Size of the HRM Department
HRM departments in the 11 PSOs had different sizes, ranging from a minimum of one (in two small PSOs) to a maximum of 108 practitioners (in a large metropolitan PSO), with a median of five practitioners. HR staffing ratio in these PSOs ranged from 1:7 to 1:168. In a small regional center PSO, HRM function was performed as part of the administration department. Industry breakdown for this ratio in the Australian public utility industry was 1:61 and the port authority ratio was 1:47. Most of the PSOs had a HRM department, with the exception of a small PSO. The most common job title of the senior executive responsible for the function was 'manager, human resources.'

Strategic Integration and HRM
Table 2 shows the results of the overall level of strategic integration before and after corporatization. After corporatization, there was an improvement in the number of organizations located at the higher end of the strategic integration continuum. Table 3 shows the breakdown of the statements chosen by these informants before and after corporatization. Before corporatization, there were 46 lower level (comprising 23 Type I and 13 Type III) statements and 41 higher level (comprising 26 Type III and 15 Type IV) statements. After corporatization, there was a decrease in the number of lower level statements and an increase in the number of higher level statements. This improvement was supported statistically by an upward shift in the overall level of strategic integration scale (t = -3.115, p<0.05 level).

<table>
<thead>
<tr>
<th></th>
<th>Queensland Public Sector Organizations Classified According to the Overall Strategic Integration</th>
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<tbody>
<tr>
<td>Linkage</td>
<td>Before Corporatisation</td>
</tr>
<tr>
<td>Type I: Administrative Linkage</td>
<td></td>
</tr>
</tbody>
</table>

Table 2
On an individual indicator level, there were shifts from low to high level statements in (Q2) ‘the view of the PSOs towards human resources’, (Q3) ‘organization’s view towards the strategic HRM function’, (Q5) ‘the primary role of the IR/HRM function’, and (Q6) ‘effectiveness of the strategic IR/HRM function.’ There was a gradual shift in (Q7) ‘the triggers for strategic IR/HRM programs’ and (Q4) ‘primary role of senior IR/HRM executive.’ After corporatisation, three of these items (i.e. Q3, Q5, Q6) had the most number of higher level statements. Surprisingly, there was no significant change in (Q1) ‘the motivation for integrating IR/HRM with strategic management.’
Table 3. Breakdown of Strategic Integration Statements: Before and After Corporatization

<table>
<thead>
<tr>
<th>Strategic Integration Factors</th>
<th>(A) Administrative</th>
<th>(B) One-way</th>
<th>(C) Two-way</th>
<th>(D) Integrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1. Motivation in integrating IR/HRM with strategic management.</td>
<td>2 [-]</td>
<td>1 [-]</td>
<td>7 [8]</td>
<td>1 [3]</td>
</tr>
<tr>
<td>Q2. Organizational view towards HR.</td>
<td>2 [-]</td>
<td>1 [-]</td>
<td>7 [8]</td>
<td>2 [-]</td>
</tr>
</tbody>
</table>

After corporatization figures are shown in brackets.

Strategic Integration and Commercialization

The findings suggested a number of interesting observations. There was not much difference in the manner in which corporatized PSOs in the public utility and transport and storage industries adopt strategic HRM. There was a definite upward shift in the extent of strategic integration as PSOs became corporatized. However, the exception is in (Q1) ‘motivation of integrating IR/HRM with strategic management.’ This was possibly due to the presence of a positive culture for incorporating people issues during commercialization.45

The median HR staffing ratios computed for this study were consistent with the benchmarking information published by HRM Consulting.46 The industry median for the Australian electricity, gas and water industry was 1:50 (1:61 computed for this research) and the median for federal and state public sector was 1:51 (1:50 computed for this research). As most PSOs had undergone a period of downsizing47, the ratios computed for this study provided a reliable snapshot of the size of Queensland PSOs after this initial downsizing phase.

Extent of strategic integration in corporatized PSOs

Findings from this study supported the application of the Strategic Integration Framework as a basis for explaining the adoption of strategic HRM in the corporatized public sector entities. The low level of strategic integration in time 1 confirmed the findings of Robertson’s study.48 His findings suggested that non-commercialized PSOs were not sophisticated in achieving integration between HRM and business planning. It seems that factors such as the organization’s attitude towards the strategic aspects of the people management function, its role and the effectiveness of the senior IR/HRM practitioner, had a positive effect over the level of strategic integration level in these corporatized entities.

A factor which influenced the extent of strategic integration was the effect of external environment
in the internal management of these entities. For example, a recent review by the Queensland Commission of Audit proposed the rationalization of port of authorities to be implemented in order to improve organizational effectiveness within the sector. Together with the on-going organizational restructuring within the public sector meant that senior management had to place an increasing effort on achieving harmonious workplace relations with the trade unions. One way of doing this was to focus on a strategic approach to employee relations, by taking advantage of the decentralization and deregulation of industrial relations within the Queensland public sector as a way of introducing change into corporatized entities. Analysis of the annual reports and other published reports regarding these case organizations had also indicated the importance of IR changes in the management of these organizations. For example, in one of the case organizations, the HRM department played a significant role in the change process by linking total quality management philosophies into workplace reform practices. There was a close partnership with the trade unions, similar to the experience of the City of Fort Lauderdale in introducing these workplace reform practices.

Respondents also indicated that after corporatization they began to participate in the strategic management process within their organization, as part of the committee of senior executives. This finding was slightly different from the national survey by the Australian Human Resources Institute whereby only 17 percent of HRM professionals had full representation on the boards of management. The finding suggested that the devolution and decentralization of the people management function had released senior HR practitioners for strategic activities such as assisting senior managers in strategy formulation. As noted in a 1995 national survey of IR in Australia, corporatized PSOs such as those in the electricity, gas and water supply industry, showed an increase in the number of specialist people management specialists employed in these organizations, compared with the period prior to corporatization. The strategic role of the people management functions in these corporatized PSOs confirmed the findings from the national survey, in which practitioners were involved in the introduction of new product or service within their organizations and being consulted prior to the decision making process.

**Conclusions and Implications**

The findings suggested that corporatization had provided the impetus for the people management function to be more involved in the strategic planning process. Consistent with previous findings in the Queensland public sector, this study had demonstrated that the level of strategic integration in the pre-corporatized PSOs was low. Few PSOs had attained a high level of linkage between people management and the strategic management process. After corporatization, there was an overall improvement in the overall level of strategic integration. The findings seem to suggest that corporatization has pressured practitioners to be more proactive in the way they go about managing the people management function. People management in corporatized PSOs exhibited the characteristics of strategic HRM. After corporatization, the state of strategic HRM in these organizations was definitely healthy and moving towards being a dynamic and multifaceted linkage. All PSOs had also agreed that people management, together with other functional areas, had input into the strategic management process. Most practitioners had repositioned their people management function by strategically contributing to business strategies and achieving an alignment with IR/HRM practices.
Implications for Practitioners

This study has a number of implications for IPMA members, especially those employed in corporatized and privatized entities. First, the international setting provides IPMA members with an insight into the changing nature of the people management function in the state public sector in Australia. The empirical evidence also provides some support for those who argue that public sector reform is characterized by the adoption of managerialist practices such as HRM. This study has provided some empirical evidence for the successful adoption of managerialist practices in public sector organizations. Although not all responding organizations had shifted to strategic HRM, there was sufficient evidence to suggest that a shift in focus was evident.

In this study, the removal of monopolized market protection (in the form of corporatization) and the need to maintain accountability and efficiency have allowed practitioners to seize the opportunity to adopt a strategic instead of focusing on administrative and operational activities. For instance, deregulation of the power industry allows the entry of new competitors such as interstate and international utility providers into the Queensland market. This means that these previously monopolized entities have to be managed strategically in order to be competitive in terms of pricing and service to residential and business customers.

If the future of these practitioners was to form a collaborative business partnership with line managers in the strategic management process, they would have to re-examine their existing skills and competencies to ensure new challenges could be met. Practitioners must take the initiative in establishing their position and influence. In addition to their roles as functional and administrative experts, they must achieve reputational effectiveness in their roles as strategic business partners and change agents.

These competencies can be summarized into four common clusters: (i) business knowledge, including the mastery of finance, strategy, marketing and operations; (ii) state of the art HRM, including HRM tools and theory; (iii) change process skills; and (iv) credibility through accuracy of work and relationship building. This implication is similar to the findings in the US study conducted by Huselid and his colleagues. This US study concluded that technical HRM capabilities were not as important as strategic HRM capabilities in ensuring strategic HRM effectiveness. Thus, senior HRM practitioners should ensure that their staff are developed in strategic capabilities such as business knowledge, strategic mind-set and change process skills in order to add value to line managers and senior executives.

At the industrial relations front, changes are expected to continue within the short to medium term in the Queensland public sector (e.g. rationalization of the smaller port authorities; negotiation of enterprise bargaining agreements). IR will continue to have an impact on the way people management is undertaken in Australia, similar to the experience of public sector entities in the US public sector. As a consequence, IR-related skills such as negotiation, conflict resolution, and performance management are critical in assisting practitioners to raise their profile. These skills provide practitioners with a focus for the necessary competencies required to add value to the strategic management of human resources in their organizations.

So, what is the role of professional associations (e.g. IPMA, AHRI) in supporting public sector practitioners? Their primary role is to provide professional development courses relevant for public sector practitioners to acquire the right mix of competencies that are consistent with their new strategic roles. For example, the AHRI has an extensive set of professional development activities throughout Australia, together with an annual conference for its members. In addition to this professional development role, the AHRI is currently developing a professional code of conduct for its members.
from the public and private sectors. This code of conduct will be beneficial for practitioners as they no longer operate within a protected and monopolized environment.

**Limitations and Future Research Implications**

Despite the small sample size, respondent organizations represent three different industries and a range of geographical locations and sizes. Analysis of these organizations by industry did not show any significant differences in the status of strategic integration. In order to provide generalizability about the extent of strategic HRM in corporatized PSOs, data should be collected from other federal and state agencies. There is a need to establish whether there is any difference in the extent of strategic HRM in those PSOs which are required to operate under the commercial market economy (e.g. telecommunications) and those which are providers of public service (e.g. health and education), and those which have already been privatized (e.g. QANTAS, Commonwealth Bank of Australia). Comparison should also be made with other PSOs, which are still operating in the public sector structure. If this larger study is to be carried out, statistical control measures, such as those discussed in the literature, should also be incorporated to ensure statistical reliability and validity in the retrospective data collected.

Similar to the limitations associated with a questionnaire survey and the nature of strategic HRM, data collected from HRM managers should be handled with caution due to the multiple constituency nature of the HRM function. This research did not focus on the impact of external influences by external stakeholders such as trade unions’ enterprise bargaining strategies on the adoption of HRM. In addition, there are a number of weaknesses when relying on the recollection of managers about historical events. Qualitative interviews should be conducted to identify the contextual factors, which influence the extent of strategic HRM in PSOs. Ideally, to address the research limitations, longitudinal data should also be collected to evaluate the role effectiveness of the strategic HRM function. Furthermore, adopting a multiple constituency approach to this type of research can reduce the effect of retrospective reporting by key informants.

There are a number of potential limitations associated with retrospective reporting by key informants. This problem of over-reporting can be resolved by either data triangulation using semi-structured interviews or by including a series of questions, which seek additional evidence regarding strategic HRM activities in the PSOs. Another issue to consider in using retrospective reporting by senior managers is the reliability and validity of the questionnaire instrument. As discussed earlier, the main section of the questionnaire used in this research is adopted from a previously validated framework. Together with the pre-test carried out on the panel experts, the researcher is thus comfortable with the reliability and validity of this section, especially in its adaptation in the Australian public sector context.

In conclusion, this study provides insights into the adoption of corporate managerial practices such as strategic HRM in Queensland corporatized PSOs. It appears that these formal monopolized statutory PSOs have moved closer to achieving best practice in people management during the commercialization process. The findings are also consistent with the experiences of other countries (such as the United Kingdom and New Zealand) during the commercialization process and are consistent with the recommendations of the Queensland Commission of Audit. Research into strategic HRM in the public sector entities should continue to provide an understanding into the adoption of strategic management practices in the different types of government agencies. As a consequence, answers will be provided which
address the issue of whether managerialist practices can be successfully adopted in a sector in which political processes play an important influence.

The findings demonstrate that commercialization and corporatization of the Queensland public sector have introduced a period of change into the management of human resources within these organizations. This change process in monopolized PSOs provides the impetus for practitioners to reposition the people management function by adopting a strategic role in their organizations. This strategic role requires the acquisition of new skills in order for practitioners to add value to the strategic decision making processes.

Appendix 1. Extract from Questionnaire Survey

Section 2: Public Sector Reform and Strategic HRM

Q1. Which of the following statements explain your organization’s main motivation in integrating IR/HRM strategies with organizational strategies?
(A) No motivation for integration
(B) Failures in the implementation of IR/HR strategies
(C) Senior management support the integration of people issues in organizational strategies
(D) Organizational philosophy or future growth considerations

Q2. What is your organization’s view towards its human resources?
(A) People are treated as cost or as insignificant to business
(B) People are treated as a flexible variable
(C) People are treated as a key success factor for the business
(D) People are treated as a key success factor and an investment in future growth of the organization

Q3. What is your organization’s view towards its strategic IR/HRM function?
(A) Necessary, but a burden
(B) Resource assistance in implementation of business plans
(C) Essential to business
(D) Critical to organization’s effectiveness

Q4. What is the primary role of the senior IR/HRM executive in the organization?
(A) Functional administrator
(B) Operational — tactical IR/HRM expert
(C) Strategic partner of line management and working hand-in-hand
(D) Integral senior management member on a formal and informal basis

Q5. What is the primary role of the strategic IR/HRM function in the organization?
(A) Efficient administration of IR and HRM programs
(B) Development of IR and HRM systems or programs to implement business objectives
(C) Development and implementation of IR and HRM strategies in concert with business planning
(D) IR/HRM expert with input in most business matters

Q6. Which of the following statements best describe the effectiveness of your strategic IR/HRM function?
(A) Cost minimization, effective firefighting
(B) Effective strategy implementation, financial impact on business
(C) Quality input of people related issues in formulation and implementation of organizational strategies
(D) Long term impact on organization
Q7. What are the triggers for strategic IR and HRM programs or systems?

- Efficiency needs
- Business goals considered first
- Business goals and employee needs considered jointly
- Part of organizational goals to integrate employee needs with business objectives

Source: Teo (in-progress) 73

Notes
1. An earlier version of this paper was presented at the 1998 Academy of Management Meetings, San Diego, CA. The author would like to express his appreciation for the comments provided by Peter Steane and the editor and the two anonymous reviewers. This study was conducted as part of the author's doctoral research at the Australian Centre in Strategic Management, Queensland University of Technology, Australia.


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28 Schuler (1990) op.cit.


30 Wood and Jones (1993) op. cit.

31 Robertson surveys chief executive officers in 19 Queensland state governments organizations on the adoption of HRM. The data reported in the thesis represented responses from 16 organizations. The 11 corporatized PSOs reported in the current paper did not take part in Robertson’s study because they were previously classified as state government statutory bodies.

32 Klingner (1993) op. cit.


35 Dowling and Fisher (1997) op. cit.


38 This population excluded two financial industry PSOs as they became privatized in 1997

performance.' Academy of Management Journal, 40(1), 171-188.


45 Wood and Jones (1993) op.cit.

46 Ibid

47 Hall (1998) op.cit.

48 Robertson (1994) op. cit.


52 Dowling and Fisher (1997) op. cit.

53 Powell and Spicer (1994) op. cit.


55 Teo, ST.T. (in-progress) Strategic HRM effectiveness in a corporatized Australian transport organization. Doctoral dissertation, Queensland University of Technology, Brisbane, Australia.

56 Robertson (1994) op. cit.


61 Ibid

62 Huselid, Jackson and Schuler (1997) op. cit.


70 Ibid


72 Queensland Commission of Audit (1996) op. cit.

73 Adopted from the Teo (in-progress) op cit.

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