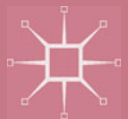


EDITED BY  
CHRIS BREWSTER  
JEAN-LUC CERDIN

# **HRM IN MISSION DRIVEN ORGANIZATIONS**

Managing People in the  
Not for Profit Sector



# HRM in Mission Driven Organizations

Chris Brewster · Jean-Luc Cerdin

Editors

# HRM in Mission Driven Organizations

Managing People in the Not  
for Profit Sector

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*Editors*

Chris Brewster  
Henley Business School  
University of Reading  
Reading, UK

Jean-Luc Cerdin  
ESSEC Business School  
Paris, France

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# Editors and Contributors

## About the Editors

**Chris Brewster** is Professor of International Human Resource Management at Henley Business School, University of Reading, UK; Radboud University, the Netherlands; the University of Vaasa, Finland; and ISCTE-Instituto Universitário de Lisboa, Portugal. He has substantial experience as a practitioner and gained his doctorate from the LSE before becoming an academic. Chris researches in the field of international and comparative HRM, and has published more than thirty books as editor or author and over two hundred articles. In 2006, Chris was awarded an Honorary Doctorate by the University of Vaasa, Finland.

**Jean-Luc Cerdin** is Professor of Human Resource Management at ESSEC Business School in France. He gained a doctorate from Toulouse University and an M.Sc. from the London School of Economics (UK). He worked as a practitioner in HRM before becoming an academic. He has served as a visiting professor at Rutgers University (USA) and University of Missouri St-Louis (USA) and a

visiting scholar at Wharton (USA). He researches, publishes, and consults in three primary areas: IHRM, expatriation management, and career management. He has contributed numerous articles to academic and professional journals. He has also published books on expatriation and career management.

## Contributors

**Kerstin Alfes** is Professor of Organisation and Human Resource Management, ESCP Europe Wirtschaftshochschule Berlin, Germany.

**Paul Boselie** is Professor of Strategic Human Resource Management, at Utrecht University School of Governance, the Netherlands.

**Eva Knies** is Associate Professor of Organization Science and HRM, at Utrecht University School of Governance, the Netherlands.

**Peter Leisink** is Professor of Public Administration and Organization Science, at Utrecht University School of Governance, the Netherlands.

**Florencio Portocarrero** is doctoral student in Management, Baruch College, CUNY, New York, USA.

**Claudia Purpura** is a management professional with more than 15 years of experience in various areas of Human Resources Management, from recruitment to career development in Geneva, New York, and Addis Ababa. She has experience in leadership development and talent management in an international humanitarian environment. She has also worked in several projects with responsibilities covering areas such as recruitment, strategic planning, personnel administration, performance management, ERP processes, training, and career support; managerial experience and exposure to senior management decision processes. Note: the views of the author do not reflect the opinion of the USA.



**Lovanirina Ramboarison-Lalao** is Associate Professor, EM Strasbourg Business School, France.

**Dino Ruta** is Professor of Human Resources and Sport Management at SDA Bocconi School of Management, Bocconi University, where he is the scientific director of the FIFA Master and leads the Sport Knowledge Center. His research activities are focused on people management and leadership in the field of sport, cultural institutions, and corporate sector. Main publications in leading academic journals: Human Resource Management, International Journal of Human Resource Management, International Journal of Learning and Intellectual Capital, and for international publishers such as Edward Elgar Publishing, Kluwer Academic Publishers, Emerald, Routledge Wiley.

**Isabella Sala** collaborates with the Organization and Human Resources Management Department at SDA Bocconi School of Management. She holds a Master of Science in Economics and Management for Arts, Culture, Media, and Entertainment from Università Commerciale Luigi Bocconi. She has been research fellow at the Sport Knowledge Centre of SDA Bocconi School of Management and Coordinator of the FIFA Master—International Master in Management, Law, and Humanities of Sport. Her professional activities focus on sport management and project management.

**Kushal Sharma** is an Assistant Professor of Human Resource Management (HRM) and International Business (IB) at SolBridge International School of Business, South Korea. He obtained his doctorate from ESSEC Business School, France. His area of focus is HRM and IB. He has worked as an HR manager for several organizations in Kathmandu, Nepal. His research interest is in talent management, employee retention, international HRM, and cross-cultural HRM. He focuses on TM practices of multinational organizations and seeks to understand how TM strategies are implemented in large-scale organizations.

**Ibraiz Tarique** is an Associate Professor of HRM and TM and Director of Global HRM Programs at the Lubin School of Business, Pace University, New York City campus. He obtained his Ph.D. in Industrial Relations and Human Resources Management from Rutgers University. His research interests are in IHRM, GTM, and investments in human capital. Ibraiz publishes and consults in the area of International Human Resource Management with a focus on issues related to global talent management, developing high potential employees, and developing dynamic leadership and managerial competencies. He has written extensively in academic and professional journals, resented numerous papers at the Annual Academy of Management Meetings, is a member of several editorial boards of the international peer-reviewed journals, and has authored four books.

**Anne-Laure Winkler** is Assistant Professor of Management, Baruch College, CUNY, New York, USA.

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# The Management of People in Mission-Driven Organizations

Chris Brewster and Jean-Luc Cerdin

What do we mean by *'mission-driven' organizations* and why do we think their Human Resource Management (HRM) policies and practices are worth studying? In this introductory chapter, we try to answer those two questions and then outline the way that the book aims to examine the issues.

Much of the focus of our study of organizations in general, of their management, and in particular of their human resource management has been on those businesses that have as their *raison d'être* the making of money. It is true that many of them have that only as a secondary objective: Most small family businesses, for example, exist just so that the family members can find a way to survive. Making money for them is just a means to an end. But in their dreams, and in practice for most larger organizations, the aim is to make money. If successful, the money

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C. Brewster (✉)

Henley Business School, University of Reading, London, UK  
e-mail: [c.j.brewster@henley.ac.uk](mailto:c.j.brewster@henley.ac.uk)

J.-L. Cerdin

ESSEC, Paris, France

will become profit—the surplus of their incoming money over their outgoing expenses—and these organizations are judged on their ability to create profits. Any profits that they do make can be distributed to the organization's owners.

Mission-driven organizations also operate within the capitalist system and they have to make money, or at least most of them have to, and it is important for them that they do so effectively and efficiently and, furthermore, that their outgoings of money do not exceed their incoming money within any particular audit period. However, the money for them is no more than a means to an end: They are not in business to make a profit (there is a slight caveat for social enterprises as we note in that chapter), they hope to be able to use their profits for other purposes, and critical questions are raised if they have too much surplus of income over expenditure—they operate under what has been called the 'distribution constraint' (Hansmann 1980). They exist, and they are judged by themselves and others, on the basis of the use that they put their money to—the extent to which they are able to make progress toward their mission.

The missions can be very varied. Some of these organizations have huge and highly laudable missions (the United Nations [UN] aims for 'world peace'; the European Union [EU] aims to bring the states of Europe together into an ever closer union; the Save the Children Fund aims to 'save children's lives. We fight for their rights. We help them fulfill their potential'); others with equally laudable aims are more modest ('to make sure no-one in our borough is alone at Christmas'). Other mission-driven organizations are part of the government of their country, charged with carrying out the administration of the public systems and with meeting certain objectives aimed to ameliorate or improve the health, welfare, or well-being of its citizens. Yet others are deliberately nongovernmental, though often supported by government grant aid, with a wide range of objectives that may range from the encouragement of reading, through the preservation of a language to running local sports competitions. Not all missions are universally accepted as good: there are organizations trying to promote ends that not everyone will agree with—to preserve the privileges of particular ethnic groups, to advance particular religions, or to change drugs laws, for example. There

are political parties and pressure groups that almost by definition are divisive. Even when we agree with the mission of an organization, we may feel that its analysis of the problem is flawed and that its activities are likely to make things worse rather than better. What this myriad of different bodies share is that they are more or less formally constituted as organizations (rather than being just informal groupings of people), and that they have a declared mission that is unrelated to profit.

The extent of these types of organization is often underestimated. Any major developed country will have literally thousands of them, employing hundreds of thousands of people and involving millions—in many such countries, up to a third of the population can be involved in some sort of mission-driven organization (see e.g. INSEE 2010). The US government Corporation for National and Community Service estimates that more than a quarter of the US population volunteers for work in these organizations.

Management in these organizations is different. In the developed countries, at least, nearly all the rules and regulations of business will apply them in the same way that they do to profit-oriented businesses but there will usually be, even for the smallest of these organizations, specific laws and fiscal restraints that apply only to them. There will also be objectives, issues, problems, opportunities, and resultant policies and practices that are very specific to these kinds of organizations. Simple ‘bottom-line’ objectives (‘as long as we don’t get caught breaking the law or doing something that will ruin our legitimacy, the thing we must all focus on is how much money we make’) are excluded for mission-driven organizations. Their objectives are meeting their mission, and many of these missions are ambitious, complex, contentious, even among the members and staff of the organization and not reducible to simple measures. So management in these organizations is necessarily different.

And, as part of that, as the book shows, there are in human resource management too areas in which the policies and processes applied in these mission-driven organizations will be very similar to those in the for-profit sector of the economy—and many in which it is very different.

***What do we mean by human resource management?*** This is important because definitions are not just a linguistic device, but they help us to structure our thinking (Chiapello and Fairclough 2002). This is a

particular problem in HRM which is a ‘fluid, multi-faceted and intrinsically ambiguous phenomenon’ (Keenoy 1999: 3). There are two broad categories of definition. First, HRM is seen as the process of managing people in organizations in a thorough, thought-through, and structured manner. This is the meaning adopted in one of the earliest HRM texts (Beer et al. 1984). This, the more generic of the two broad categories, includes all the ways people are managed no matter what the circumstances and no matter who by. Thus, in this definition all organizations have human resource management. Whatever type of organization is included, whether the process is carried out by specialist HRM people or departments or by line managers (Gollan et al. 2013), even whether the individuals concerned are paid or not (Freeman 1997; Haski-Leventhal 2009), if they manage people then we can discuss their human resource management. On this broad set of definitions, what the organization is aiming for in the way it manages its human resources, how it does it, and with what outcomes, are then the key questions.

In the second definition, HRM is the process of managing people in organizations so as to maximize employee performance in order to meet the objectives of the owners of the business. This was the meaning given to HRM in another of the early texts (Fombrun et al. 1984). This, often referred to as Strategic HRM (SHRM), is more normative. In this definition, there would be many organizations that do not have HRM, perhaps because they manage people in a more ad hoc way, or they just try to ensure compliance with relevant legislation, or restrict themselves to personnel administration. Maybe they try to ensure that the interests of all stakeholders are taken into account even if that means restricting profits. Here, the key questions would be about what was done and whether it led to improvements in employee performance and/or organizational results. This is the definition that has dominated the scholarly HRM field. Strategic HRM (Wright and McMahan 1992) has narrowed the field, restricting it to the activities of management in pursuit of organizational objectives, with the assumption that firm and managers have considerable autonomy to decide on strategy and take the appropriate actions, whatever the context. We note this definition, because mission-driven organizations are often judged on the basis of



SHRM, but in this book we use the widest definition: if people are being managed, on whatever basis, then we can speak of HRM.

Clearly, given these competing definitions, then judgments about the quality of HRM in the mission-driven organizations will vary. ‘Good’ HRM can be defined in different ways. In the for-profit sectors of the economy and using an SHRM definition, the judgment is relatively easy: if the HRM policies and practices contribute to increased profits, or to some other aspect of firm performance such as share price, then we can be sure that they are good policies. There is an extensive stream of research into the relationship between HRM practices and firm performance based in this notion (see Guest et al. 2013).

This research has tended to obscure the effects of, as one of the first books on HRM put it, situational factors (Beer et al. 1984) or, as we refer to it here, context (Hoffman 1999; Powell and DiMaggio 1991; Scott 1991, 1995). Indeed, it has been argued that HRM, like ‘most management theories, as they were originally conceived (especially those developed by American-trained scholars working in the United States, one of the lowest-context cultures in the world) have been presented as ‘context free’ – that is ... context was ignored or considered irrelevant’ (Adler 2015: 485–486). More recently, reviews of the literature have argued that many attempts to explain management fail because they assume that managements can choose and implement any strategy they wish irrespective of context.

*The context of HRM in mission-driven organizations* is different from that elsewhere. Managing in these organizations is not like that in the profit-driven sectors of the economy. As the various chapters in this book demonstrate, there are elements of the context of mission-driven organizations that have direct and indirect impacts upon the ways they manage their people—on their HRM. For perhaps most of these organizations, the people who work in them are the key to them achieving their mission: Without the members of the orchestra, the public would not hear the music; without the police, people would be less secure; and without the aid workers, poor people would not get the water and food they need to survive. In some of these organizations, the people doing the work may be expected to work in extremely tough surroundings,

working in unsanitary circumstances or in life-threatening ones. Ensuring that the organization has the right quality of people working for it and that they are sensibly allocated to the work that needs to be done and to remain motivated to do, so it is vital if the task is to be done properly.

On the other side of the coin, for very many of these organizations the people who work for them are also far and away the largest element of their operating costs. That is where the funds they receive are spent. Hence, for mission-driven organizations the cost-effective management of their human resources is crucial to their survival and success. This context matters because it affects the leaders and workers views of their stakeholders, their views of how HRM should be conducted, and their views of the outcomes of HRM.

*The myriad of stakeholders in the mission-driven organizations* are arguably no greater than they are for any other organization (Beer et al. 2015), but they are certainly more pressing for the people concerned with the management of these organizations. Remembering the range of organizations we are covering, it is difficult to generalize, as some may have a mission that involves a deity as a stakeholder: serving God or Art or Music. More concretely, for most of these organizations the key stakeholders will include the beneficiaries (crucial to nearly all of them, from the local under-tens football league to organizations trying to end poverty); the funders (private or public); the government or governments that allow them to operate and provide legal and fiscal constraints and support; the public who provide the legitimacy and directly or indirectly support the organization; and the news media that structure the public's understanding of the organization. Of course, for the larger organizations in particular even within these categories these stakeholders may not be coherent: there may be divisions within the beneficiaries (poor people in which countries?), the funders may have different objectives, different political parties may have different attitudes to the organization, and the public will include a huge variety of views. And then, within the organization, as with any organization, there will be differences between the specialists and the generalists, between management and workers, and between fund raisers and fund spenders.

Mission-driven organizations tend to be visible and, often, transparent. It is much easier to discover what goes on in a government department or a charity, even at the highest levels, than it is in a private company. In organizations like the United Nations, their equivalent of Board Meetings are covered by the world's press. The combination of multiple stakeholders and visibility has three significant implications for these organizations: First, most of these organizations are subject to specific legal constraints which allow them to maintain their special status in terms of structure, taxes, and other fiscal arrangements in return for continuing to be non-profitable and for certain reporting requirements. Second, as a corollary, there tends to be, certainly for the public sector and larger nongovernmental organizations, a considerable degree of bureaucracy. Transparency and reporting requirements mean that actions, in human resource management as elsewhere, require a 'paper trail,' a record of the processes that were gone through before decisions were taken. So, many things are subject to formal committees, to being written down and to being filed. Third, there is inevitably a degree of politics (and sometimes Politics) both internally and externally that can have a considerable impact on HRM in the organization—some tasks can rise or fall in favor with impacts on employment in those areas and on peoples' careers.

***How HRM should be conducted in the mission-driven organizations*** therefore follows that pattern: Rules, that are carefully monitored, and bureaucracy. One result is that where the rules are clear they are much more likely to be followed: the intergovernmental organizations, for example, have a much better record of taking gender and nationality equality seriously than any private sector organizations. There is always a debate in mission-driven organizations about the balance between workers and beneficiaries. When this goes wrong at one end, you get organizations that treat their staff remarkably well but with the effect that less money is spent on the beneficiaries and the latter's needs may be subsumed to the lifestyle of the former ('OK, there are desperate people out there, but our staff need a break'). When it goes wrong at the other extreme there are committed managers who simply cannot understand why their employees need to be at home for the birth of their children or will not work fourteen hours a day ('that's nice for you, but

what do I say to the women who may be being attacked on the street whilst you are taking time off'). Most mission-driven organizations try seriously to balance taking care of their beneficiaries with taking care of their workers, but it is not an easy thing to balance.

*The outcomes of HRM in the mission-driven organizations* are often monitored quite carefully. As with other organizations, there are tensions between the long and the short term: what might be a cheap option in the short term may have a sharply negative effect in the long term. For an international aid agency, for example, sending specialists from the home country base in an advanced society may be a cost-effective, simple, and gratefully received solution to a lack of skills in a developing country. Developing local skills takes much longer, costs more and inevitably means that the agency's aid is reduced in effectiveness while locals are trained up. But in the long term, it will not only overcome feelings of undeclared, perhaps even not understood, imperialism but will create a more sustainable resource for the future. In terms of HRM, does the organization concentrate on its ability to source and deploy expatriates efficiently (Waxin and Brewster 2017) or does it devote more resources to training and development? These issues are much debated in the world of international aid and there are, for example, attempts to move people out of (expensive) developed countries, which are close to donors but a long way from beneficiaries and locate them in the countries that they aim to serve.

*Our contributions to HRM in mission-driven organizations* are gathered below into chapters based around various sections of this not for profit world. To address these issues, we have some of the leading experts in the world on the separate elements of mission-driven organizations. The book brings together expert authors from six different countries, representing eleven different nationalities.

Chapter [People Management in the Public Sector](#) is written by Eva Knies and Peter Leisink, from the Utrecht University School of Governance in the Netherlands. They argue that the impact of New Public Management, which aims to introduce private sector management practices, including HRM, to the public sector, is in tension with the public value and public service mission of the public sector. As they note, such policies are spreading around the developed world.

They explore attempts to operationalize the public service goals and how such organizations can effectively balance the multiple and often conflicting goals that they have and discuss the relationship between HRM and performance in the public sector for the organization, the employees, and the community.

Chapter [People Management in Volunteer Organizations and Charities](#) by Kerstin Alves from ESCP in Berlin, Germany, addresses a particularly pertinent issue for many non-profit making organizations, the management of volunteers. Noting that the workforce consists of a mix of paid employees and volunteers, she notes how some HRM practices (such as selection or pay systems) just do not apply to volunteers. Nevertheless, she points to the importance of volunteers in developed economies and argues that this means that people management in the sector is crucial. The psychological contract replaces the transactional contract almost completely and factors such as socialization, individual development, and showing the volunteers how their work contributes to the organization achieving its mission are key elements in effective human resource management of volunteers.

Chapter [People Management in Intergovernmental Organizations](#) is written by a team of Chris Brewster, Paul Boselie, from the Utrecht University School of Governance in the Netherlands and Claudia Purpura, a practitioner from the United Nations, perhaps the leading IGO. The chapter outlines the nature and variety of IGOs but makes the point that in order to understand HRM in these multi-governmental organizations you have to understand their governance. The authors outline these structures and their implications for HRM and then examine a range of aspects of HRM and how they differ in the intergovernmental organizations. They end with some cautious predictions.

Chapter [People Management in Religious Organizations](#) by Lovanirina Ramboarison from the École de Management, Strasbourg, France, looks at HRM in religious organizations focusing in this instance on two different branches of the Protestant Christian Church in France as examples of the issues and approaches of such organizations. A key point that he makes is that these organizations fall into the small or small to medium-sized enterprise category and hence tend not

to have formal and certainly not formalized or comprehensive people management approaches. The paper uses two HRM grids to explore in detail leadership in these two churches and how that is reflected in issues such as recruitment and training. He notes in passing the problems created for organizations that have a service orientation in dealing with people as the organization's human resources rather than as whole human beings when, for example, disciplinary action is necessary.

Chapter [People Management in Cultural Organizations](#) is written by Dino Ruta and Isabella Sala from the University of Bocconi in Italy. They include the creative arts and heritage, the broader cultural industries, and collateral industries in their definition. These, particularly the first group, are sectors of the economy in which the people (the human resources) are the product—audiences go to hear great musicians, watch great actors, and so on. They are not, however, necessarily easy people to manage. While issues such as recruitment and development are crucial to the sector, these organizations rarely have formal HRM departments, so the line between leadership, or management, and HRM becomes blurred. Illustrating their case with numerous examples and stories, the authors show how HRM activities are and should be carried out in practice in the cultural organizations.

Chapter [People Management in Sports Organizations](#) is also written by Dino Ruta and Isabella Sala from the University of Bocconi in Italy and this is another area where the people are in a sense the product. Again, many of the organizations in this sector are very small and do not have HRM departments, with HRM (managing talent, development, dealing with new generations), being integrated with leadership and management. In this chapter the authors concentrate upon the larger organizations and particularly more professional organizations and the governing bodies that control their sport. They concentrate on what they call the people challenges. With plenty of examples and illustrations, they show how people management operates in the sports world.

Chapter [People Management in Social Entrepreneurship](#) is written by Anne-Laure Winkler and Florencio Portocarrero from the Zicklin School of Business, Baruch College, of the City University of New York in the USA. This is a comparatively short chapter as it focuses on

B Corporations, a form of social enterprise (SE), that is a much less common phenomenon than nearly all of the others addressed here. In fact, B Corporations are an emerging phenomenon of currently around 1600 companies in 47 different countries, with half of these firms in the USA. There are two mechanisms in the B Corps community. One mechanism includes certification by a third party to qualify as a certified B Corporation, and the other requires a legal change in the bylaws whereby firms incorporate as a benefit corporation. For the latter form, firms are thus legally allowed to balance a social objective with their mandated duty to provide the best return for their shareholders. It can thus be seen as an attempt to bring a model common in Europe into the USA. Further, to be labelled a certified B Corporation, firms need to score highly on their social responsibilities. Europeans may be quite surprised to see that the legislative component of benefit corporations is very flexible and only offering a low standard, one that at the minimum allows a firm to not be sued by its shareholders for pursuing broader social responsibilities. These are therefore a very different, and not often researched, form of mission-driven organizations with dual social and for-profit objectives. It will be fascinating to see how they develop.

Chapter [Talent Management in Mission-Driven Organizations](#) by Jean-Luc Cerdin and Kushal Sharma of ESSEC Business School in France; Ibraiz Tarique of Pace University in the USA and Claudia Purpura from the United Nations examines one of the key challenges for mission-driven organizations, the management of talent. In these organizations that is particularly contentious, because there is a mismatch between the 'democratic principles' of many mission-driven organizations and 'exclusive' talent management, as these authors name it. Using evidence from three detailed case studies, they explore the issues involved and make recommendations.

Chapter [Human Resource Management in Mission-Driven Organizations: Comparisons, Key Issues and the Future](#) written by the Editors attempts to bring the messages from the preceding chapters together, comparing these organizations with for-profit organizations, to show what each can learn from each other and examining key issues that are likely to affect human resource management in these organizations in the near future.

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## Authors' Biography

**Chris Brewster** is Professor of International Human Resource Management at Henley Business School, University of Reading, UK; Radboud University, the Netherlands; the University of Vaasa, Finland; and ISCTE-Instituto Universitário de Lisboa, Portugal. He has substantial experience as a practitioner and gained his doctorate from the LSE before becoming an academic. Chris researches in the field of international and comparative HRM, and has published more than thirty books as editor or author and over two hundred articles. In 2006, Chris was awarded an Honorary Doctorate by the University of Vaasa, Finland.

**Jean-Luc Cerdin** is Professor of Human Resource Management at ESSEC Business School in France. He gained a doctorate from Toulouse University and an M.Sc. from the London School of Economics (UK). He worked as a practitioner in HRM before becoming an academic. He has served as a visiting professor at Rutgers University (USA) and University of Missouri St-Louis (USA) and a visiting scholar at Wharton (USA). He researches, publishes, and consults in three primary areas: IHRM, expatriation management, and career management. He has contributed numerous articles to academic and professional journals. He has also published books on expatriation and career management.

# People Management in the Public Sector

Eva Knies and Peter Leisink

## Introduction

It is the mission that makes management and strategy in public organizations different from profit-seeking organizations (Moore 1995, 2000; Rainey and Steinbauer 1999). In for-profit organizations strategy is aimed at financial targets based on a plan to compete in the chosen product and service markets. In public organizations, the mission is central to the strategy, meaning the public value that politicians have authorized the organization to provide for citizens and society at large. Thus, public organizations assess the value they produce in terms of the

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E. Knies (✉) · P. Leisink

Public Administration and Organizational Science, Utrecht University  
School of Governance, Utrecht, The Netherlands  
e-mail: E.Knies@uu.nl

P. Leisink  
e-mail: P.L.M.Leisink@uu.nl

accomplishment of their mission rather than in terms of the revenues they have earned.

This distinctive feature of public organizations seems to have been neglected since the 1980s when the new public management (NPM) movement propagated an emphasis on performance, efficiency, and effectiveness (Hood 1991). This is based on the idea that public organizations will perform better when business management practices are implemented. The public management reform practices adopted by many OECD countries included private sector HRM approaches (Pollitt and Bouckaert 2004). Over the past two decades, however, the concepts of public value and public service performance have directed the attention of scholars again to the distinctiveness of public organizations. In line with this approach, this chapter aims at analyzing the distinctiveness of people management in public sector organizations. Thus, rather than focusing on the question of the extent to which people management in public organizations is similar to people management in private organizations, this chapter will tease out the implications of the mission-driven character of public organizations for the management of human resources and public leadership, which together constitute people management.

Before we start discussing its distinctive characteristics, some clarification is required as to what constitutes the public sector. Public administration researchers have suggested the formal criteria of government ownership, funding, and political versus economic authority to demarcate public sector organizations (Rainey 2009). As far as general government is concerned, these distinctive criteria hold fairly well. However, when it comes to other public services such as education and health, these formal criteria do not suffice. For instance, the National Health Service in the UK is part of the public sector on the basis of the formal criteria mentioned, whereas in the Netherlands health care is provided by organizations that are legally private bodies with a public task. Recent theorizing (Moore 1995; Rainey 2009) suggests complementing the formal criteria with the criterion of public value, suggesting that it is not just public organizations that create public value for citizens but also non-profit and even private organizations. For the purposes of this

chapter, it is too complex to examine people management in the public sector covering the whole range of subsectors and the variety between countries regarding what is considered as public sector. Therefore, we will concentrate on general government, which is the most similar between countries. The recent [OECD](#) publication “*Government at a Glance 2013*” tells us that general government employment accounts for just under 16% of the total labor force in the 27 OECD countries. However, general government as a percentage of the labor force ranges widely, from 6% in South Korea to 30% in Norway in 2010. Generally, the Nordic countries (Norway, Sweden, Denmark, Finland) have above-average levels of government employment, while the Asian (Japan, Korea) and Latin American countries (Brazil, Chile, Mexico) have below average government employment levels. A fair number of OECD countries, particularly in Europe, including Austria, Denmark, France, Italy, The Netherlands, and the UK, report an anticipated decrease in public employment numbers as a result of austerity reforms. However, the OECD report expects that significant reductions in public employment are hard to sustain in the long run because citizens’ demands keep growing. Average government expenditures represented about 45% of GDP in 2011, which shows that governments outsource the production of public service to an important extent to non-profit and private organizations.

There is a relative lack of research on HRM in the public sector in developing countries. Rees ([2013](#)) recognizes that the core HRM activities such as recruitment and selection, training and development, and performance management are likely to be similar, but that the objectives, stakeholders, values, challenges, and constraints of public sector organizations in the developing countries are likely to be radically different. Noting the stark differences between developing countries, Rees ([2013](#)) observes that the political, social, economic, educational, health, and environmental problems in developing countries inevitably result in an inadequate delivery of public services, specifically because public sector organizations lack the human capacity to deliver these. This in turn is related to the sector elements of HRM in the public sector such as low salary levels, lack of effective performance standards, inability to fire

people and to attract appropriately trained people, and inadequate management by supervisors. Such ineffective HRM policies and practices need to be reformed if public services are to be improved. It is beyond the scope of this chapter to do justice to the contextual differences that should be taken into account and we acknowledge a bias toward advanced economies.

This chapter will be structured as follows. We begin by presenting insights from recent studies of the contribution of HRM to performance. These are directly relevant because it is argued that they present a model of the mechanisms through which people management can effect mission accomplishment or public service performance. The people management-performance model raises a number of issues for further analysis because these issues appear to be distinctive for public organizations. First, the concept of public value and public service performance will be examined. What does performance in the case of public organizations mean and how does the current economic and political environment affect public service performance? Second, one characteristic which is regarded as distinctive for public organizations is the constraint on the discretionary room which public managers experience, due to the influence of government control and political oversight. This raises the question of the extent to which managers are actually able to develop and implement HRM policies that influence employees and ultimately public service performance. Third, HRM-performance research has indicated that bundles of HRM practices aimed at influencing employees' abilities, motivation, and opportunities to perform (AMO model) are more effective in influencing performance outcomes than isolated HRM practices are. We will, therefore, examine the prevalence of these bundles in public organizations. Fourth, HRM studies generally point out that HRM contributes to organizational performance through the attitudes and behavior of employees. Here, we focus on two aspects that are distinctive in a public sector context: employees' public service motivation and red tape perceptions. The conclusion will summarize the main findings regarding people management in the public sector.

## Insights from HRM-Performance Studies

Before examining people management in the public sector, we present an overview of the general literature on the contribution of HRM to performance and the linking mechanisms. These conceptual and empirical insights are not specifically focused on HRM in a public sector context. In fact, private sector studies tend to dominate the HRM literature. In this section, we will present the conceptual framework, the HRM value chain, which underlies many studies on the contribution of HRM to performance and discusses three central concepts in HRM-performance research: vertical alignment, horizontal alignment, and implementation. Second, we will outline the most important conclusions of 30 years of empirical research on the relationship between HRM and performance.

Since the emergence of the academic field of HRM 30 years ago, the question of whether and to what extent HRM contributes to performance has been prominent on the research agenda. At first, most research efforts were aimed at demonstrating that an investment in HRM pays off in terms of, for instance, higher productivity, a high return on investment, and lower turnover. Over the years, research interests shifted to the question of *how* HRM contributes to performance. A theoretical model that captures the linking mechanisms is the HRM value chain (Purcell and Kinnie 2007; Wright and Nishii 2013). This model aims to explain differences in unit-level and organizational-level performance outcomes. The rationale of this model is that HRM as perceived by employees impacts on their attributes and behaviors and ultimately on firm performance. Jiang et al. (2012) distinguish between two theoretical logics: a social exchange perspective on the one hand and a resource-based perspective on the other. The former suggests that HRM impacts on performance through employees' attitudes and behaviors. This builds on social exchange theory (Settoon et al. 1996) and the notion of reciprocity. That is, by investing in employees through HRM the organization creates feelings of obligation, through which employees feel that they ought to reciprocate and engage in behavior that supports organizational goals. The resource-based perspective focuses on the

contribution of employees' competencies. The rationale is that human capital (knowledge, skills, and abilities of employees) is the main driver of performance (Lepak and Snell 1999).

In the HRM literature, it is acknowledged that the impact of HRM on performance is dependent on three dimensions: the extent of (a) vertical integration or alignment; (b) horizontal integration or alignment; and (c) effective action or implementation (Gratton and Truss 2003). Vertical alignment refers to the fit of the HRM strategy with the organization's aims and goals. The argument is that the HRM strategy can only have an effective impact if it "reflects, reinforces and supports" the organization's goals (Paauwe et al. 2013). If this is the case, the HRM strategy reflects the organization's objectives and employees will know what kinds of effort are expected of them. Horizontal alignment concerns the fit between the individual HRM policy areas (so-called HRM bundles). A good horizontal fit is achieved when the various HRM practices form a coherent and consistent set or system. Then, an organization is able to send a consistent message to employees about the expected behaviors (Bowen and Ostroff 2004). The third dimension (action or implementation) is added by Gratton and Truss (2003) because it is argued that optimal results will only be obtained when the designed policies are effectively implemented (Purcell and Hutchinson 2007; Wright and Nishii 2013), which brings line managers' responsibility for HRM implementation into focus (Knies and Leisink 2014a). Increasingly, HRM responsibilities tend to be assigned to line managers. However, there are significant differences in the assignment of HRM responsibilities between organizations in the Nordic economies, the coordinated, and liberal market economies. The level of devolution is also dependent on other institutional features such as size, unionization, and position of the HRM department (Brewster et al. 2014). Where line managers have responsibility for HRM implementation, they play a crucial role in shaping employees' perceptions of HRM. The concept of people management suggests that in addition to employees' perceptions of intended organizational HRM policies (Nishii et al. 2008), it is their supervisors' actual implementation of these policies and their leadership activities that shape employees' perceptions.