‘Serving Multiple Masters’: Exploring HRD in the Context of Third Sector Partnerships for Public Service Delivery

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Refereed Paper Submission
Strategic HRD Stream

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Abstract

Organisations in the Non-Profit and Voluntary (NPV) sector increasingly face challenging and uncertain times with an increasing shift from public grant funding towards contract funding. As a result many of these changes employees in such organisations have often found themselves working more closely under contract with colleagues in public sector organisations in order to provide public services. Using a multiple case study methodology and in-depth interviewing of a range of stakeholders form two large Northern Irish based Non Profit Organisations in the social care sector, the purpose of this research was to investigate HRD and people management issues and how a turbulent environment can affect how organisations approach HRD strategy and implementation.

The research identifies the importance placed upon NPOs adopting HRD strategies and addressing the development of unique and specialised skills in order to claw back power within the relationships they serve with statutory funding bodies. However this research also notes that the manner in which HRD and its associated issues are considered within NPOs can have an impact on the loyalty and commitment of the workforce which serves them. What is of concern is that the context for the delivery of public services under contract is putting increasing strain on NPOs and this has been felt markedly by their respective workforces, and unless strong values-led leadership and managerial practice is in place in NPOs, the voluntary-centred ethos of those who work in the sector may be significantly damaged.

Introduction

In recent years, Non-Profit Organisations (NPOs) are increasingly engaging with public sector organisations in order to provide public services under contract. As a consequence concerns have been raised about the changes in the funding environment and the impact this has for the operation, independence and sustainability of a NPO’s charitable objectives and mission. Additionally many NPOs have seen a shift from grant funding to contract funding, and as a result, it has been reported that some organisations have been forced to restructure internally in order to create or improve their capacity to compete for contracts and to comply with their conditions (Davies, 2011). These changes are further influenced by public sector cost cutting, under which the procurement model for public services has become increasingly result-oriented and focused on delivering narrowly defined outcomes. In dealing with these challenges, several researchers have noted how NPOs have introduced
more sophisticated and formalised managerial practices to enhance their efficiency and effectiveness (Ridder, Piening, & McCandless Baluch, 2012; Cunningham, 2001, Cunningham, 1999; Osborne, 1996).

Given the above and the increasing demands that funders are placing on NPOs to demonstrate ‘best practice’ in order to secure contracts, requirement for skills and competencies in areas related to attracting external funding, managing a more diverse workforce, planning and monitoring budgets and financial arrangements as well as ensuring that quality standards are met, are increasingly becoming prioritised. Furthermore, it is argued that for NPOs to compete for and secure external funding, they increasingly need to develop ways of differentiating their services from other competitors and show how their employees possess unique skills and competencies (Cunningham, 2001). However, a major concern which has been raised in connection to these developments is that questions have been raised about whether the sovereignty of NPOs is increasingly being compromised when an NPO directs the development of the skills of its workforce in line with funding priorities as opposed to the key charitable activities it originally sets out to deliver. Indeed the Charity Commission (2007) reported that 74% of charities disagreed with the statement that they are free to make decisions without pressure to conform to their funders’ wishes.

Cunningham (2010a) describes this scenario as ‘mission drift’ and highlights the important implications that such a situation can have on the commitment and loyalty of employees in NPOs, who may have originally been attracted by its charitable values and objectives. Ultimately, Cunningham argues that if the NPO employer is forced to abandon some of the key charitable activities that originally appealed to employees they could be faced with managing a disillusioned, unmotivated and unengaged workforce. On the other hand, it could be argued that with a greater priority placed on Human Resource Development (HRD) strategies and policies, employee engagement and commitment to the organisation may be bolstered, especially if the individuals’ career prospects are enhanced given their newfound skills and competencies.

Given this challenging context, it is vitally important that research designed to enhance our understanding of HRD and people management issues in the context of the non-profit and voluntary sector is promoted. Whilst a number of studies have been completed that explore the function of HR and the discipline of HRM in particular (Ridder, et al., 2012; Conway and Monks, 2008; Parry, Kelliher, Mills, and Tyson, 2005) the expressed aim of this paper is to focus on the under researched area of Human Resource Development (HRD) strategies and practices in the non-profit and voluntary (NPV) sector. One of the key gaps in
the literature revolves around the limited attention to how the wider context of Organisational and HR strategy impacts upon HRD strategy. For example, we know little about the priorities that NPOs place upon the development of the human resources and how these activities are influenced by strategic decisions at organisational level, nor do we have a full understanding of the potential impact these activities may have on the workforce and their commitment and loyalty to the organisation. This paper will explore the strategies for developing human resources in the NPV sector and the challenges and outcomes associated with implementing such strategies in the context in which it operates.

More specifically the research objectives are:

- To explore how the changing landscape for contract funding influences the strategic direction and development of the organisation and consequently, how this influences the priorities placed on the development of human resources.
- To explore the HRD strategies of NPOs, specifically how they are developing the skills of their workforce, and identify the challenges and barriers faced in addressing skill gaps.
- To examine the outcomes of HRD strategies, specifically how the loyalty and commitment of the workforce is affected.

The paper is structured as follows: After this introduction, we explore the literature surrounding the changing landscape of the NPV sector attempting to understand the most salient issues through the lens of a non-profit principal-agent framework. This framework illustrates the interests of the various stakeholders in the NPV sector and the associated demands of the various principal-agent relationships. After this we examine the people management issues associated with balancing the different interests of stakeholders in terms of the principal–agent relationships model. This section will specifically explore the application of our current knowledge and understanding of HRD to this sector. The third section outlines the methodology employed in this research and the fourth section illustrates and discusses the empirical findings from the research undertaken with two NPOs located in Northern Ireland. The final discussion and conclusion section brings the arguments of the paper together.

The Non Profit Voluntary Sector: Reconciling Different Interests and the Role of HRD
The NPV sector is difficult to define and to date there is no universally accepted definition (NICVA, 2010). It can embrace charities, community groups, issue based and generic voluntary groups, mutuals, not-for-profit companies and social enterprises but is normally defined as being voluntary organisations that are constitutionally independent and self-governing that are not profit distributing and include a degree of voluntarism (Cunningham, 2008).

In the last two decades the sector has experienced significant changes in its funding environment. Traditionally NPOs relied upon grants from funders to aid their activities, which mostly consisted of contributions from the state. However developments in government policy have driven changes in how NPOs obtain funding. In line with the principles of New Public Management, the delivery of many public services has been outsourced to service providers beyond the state boundary and therefore NPOs now have to compete against other potential providers for funding to deliver specific services. This has created a ‘contract culture’ in which fees are paid for specific identifiable service provision and in which NPOs are regulated by public bodies through the establishment of precise measurable and binding performance criteria and output in exchange for funding (Cunningham, 2001). Consequently this ‘contract culture’ has led to NPOs needing to demonstrate more forcefully that they provide value for money when delivering public services under contract and as a result they have had to become more effective in negotiating an uncertain and dynamic environment (Barragato, 2002; Herman and Renz, 2004). Under these more challenging conditions, it has become accepted that NPOs must adopt more professional management practices and develop the competencies that can allow them to deal with the challenges they face. In sum it has been asserted that they can no longer rely solely upon their mission and values to guide the direction of the organisation, but must face the realities of a more commercially oriented world where new skills and competencies will need to be fully embraced.

In general, NPOs have made considerable developments towards creating a more professional managerial environment for the delivery of their mission and values (Cunningham, 1999). Indeed the literature reports that NPOs are paying an increasing amount of attention to the development of sophisticated HRM practices (see for example (Ridder, et al., 2012; Ridder & McCandless, 2010; Kelliher & Parry, 2011; Cunningham, 2008; Cunningham, 2010b; Cunningham, 2010a) and to other more sophisticated operational practices (Dart, 2004). However, it is recognised that significant managerial challenges still exist in responding to the changing environment of the sector, particularly in reconciling the
various interests of the organisation’s stakeholders. As outlined above, little is known about how NPOs are adopting HRD practice to address these challenges. Such challenges are depicted through the theoretical lens of principal agent theory, which is commonly used in the analysis of governance structures within the non-profit organisational literature (Van Puyvelde, Caers, Du Bois, Jegers, 2012).

The application of this theory to the NPO context is illustrated in Figure 1 which sets out a number of principal agent relationships associated with NPOs when delivering public services under contract. The framework considers the stakeholder theory perspective in that it shows the importance of multiple principals. It also considers the stewardship theory perspective in that it shows that situations need to be considered where agents share the same interests as the principal, or are motivated to act in the best interest of the principal. Depending on the dynamic of the various principal-agent relationships associated with non-profit organisations, a plethora of agency problems can arise that can damage the balance of independent and mutual gains associated with the relationships. Each relationship may pose different challenges in overcoming associated agency costs and such challenges can often have an impact on an NPO’s HRD strategy. For example, in the case where the government funder is the principal and the NPO is the agent, the NPO is responsible for delivering the service as set out in the government contract and in a manner that meets the interests of public sector, which will be heavily concerned with efficiency and accountability. In conjunction with the traditions of the principal/agent problems, such a relationship infers that the principal will incur monitoring costs around performance deliverables of the service, whilst the NPO will incur costs in evidencing how they have complied with such performance measures. However, NPOs may argue that the value and quality of the service they offer cannot be measured by traditional or ‘harder’ performance parameters used within the public sector and thus NPOs are continually challenged in how they can demonstrate to their funders evidence of their value-led performance achievements (Manville & Broad, 2013). Ultimately, the problem may stem from views related to the traditional role of NPOs who are often regarded as ‘shapers of society’ and who view financial or performance considerations as a secondary importance or a constraint, instead preferring to focus on uniqueness as a justification for not monitoring performance in the same way as their public sector counterparts (Moxham & Boaden, 2007). However, regardless of this tradition, funders can often demand NPOs to present evidence of performance, and thus NPOs are faced with the task of developing more sophisticated
performance management systems and ensuring that their workforce have the appropriate skills to meet performance indicators.

Adapted from (Van Puyvelde, et al., 2012)

Further problems arise when considering the principal agent relationship characterised between the NPO as an agent and its service users as the principal. Taking into account the fundamentals of normative stakeholder theory (Freeman, et al., 2010; Donaldson & Preston, 1995) it is argued organisations first and foremost exist to serve the moral and philosophical principles of the organisation, which in the case of NPOs, is often primarily influenced by the needs of their beneficiaries (service users). With this in mind a cornerstone of NPO strategy may be to continue to develop new services in response to the changing nature of service user needs and thus they may take action in developing the skills and competencies of their workforce to serve new or evolving stakeholders. However, problems may arise in this strategy when new services are not appropriately funded or when they do not meet the performance requirements of funders. Thus when service users are constructed as another ‘principal’ in the plethora of principal agent relationships, questions are raised about how their interests align with the interests of other principals such as public sector funders.

Furthermore, when taking into account the relationship between the NPO’s management (principal) and their employees (agents), additional problems may arise in that an NPO, who has to increasingly deal with prescriptive parameters of a public service delivery contract, may find difficulties in reconciling these objectives to the desires and
motivations of employees who were attracted to the NPO based upon its traditional core service. Approaches to managing and developing people in NPOs have traditionally been informed by the overall mission of the organisation and the related strong-value orientation which is built upon the needs of service users (Kelliher & Parry, 2011). The sector’s ‘voluntary ethos’ (Cunningham, 2010a, p.701) often infers employment relationships characterised by a high level of mutuality between management and labour in which employees are much more intrinsically motivated (Kelliher and Parry, 2011). It is often reported that employees enter third sector employment because of a strong value-base or drive to help achieve a charitable mission. These values are very much aligned to the needs and interests of the NPO’s service users and influence the high level of loyalty and commitment demonstrated by employees towards the employing NPO.

Problems may arise when an NPO’s concern for meeting prescribed targets set out by the principals of public sector funding are perceived to impinge upon the values and needs of employees. It is this issue that is explored by Cunningham (2010a) in his examination of the resilience of value-based psychological contracts in NPOs. Building on Rousseau’s (1990) conceptualisation of the psychological contract, Cunningham (2010a) adds further understanding to the psychological contract that exists in the voluntary sector through the construct of the Voluntary Service Ethos (VSE). This accounts for the employee commitment towards an organisation in exchange for being able to serve a social cause or mission. Such a development is infused with the economic and socio-emotional dimensions of the psychological contract, however in the context of having to respond to increasing demands from funders, Cunningham finds that the VSE is limited in its ability to compensate for violations in the economic and socio-emotional aspects of the psychological contract. This is of great concern, particularly as the sector faces increasing pressures on the terms and conditions of employee contracts and when an NPO’s goals are diluted to serve the purpose of contract funding.

Thus it is apparent that the complex web of principal agent relationships can lead to a number of challenges that NPOs must navigate when reconciling the interests of its key stakeholders. The outcome of such a task can also be heavily influenced by the power differential of the principal/agent relationship. For example, given the increasing uncertainty of the funding environment, it is argued that when developing future strategies, NPOs may be excessively influenced by opportunities from public sector funders and their requirements, as opposed to their core value–set as informed by their service users. It is this dynamic that raises the question about the continuing independence or sovereignty of the
sector (Rees, 2012) and whether NPOs are losing the power to make independent managerial decisions about how their employees are managed, rewarded and developed.

These concerns are raised by Cunningham (2008) who contends that NPOs are faced with a difficult task in protecting the terms and conditions of their employees in the face of cost cutting pressures from funding bodies. The author highlights how pay in the voluntary sector has been increasingly scrutinised in order to reflect the reality of labour market conditions. He also argues that funding cuts can significantly impact the labour process, whereby to meet greater efficiencies, public sector funders pressure their service providers to reduce employment costs by either intensifying work or diluting skills (Warhurst, 1997). Cunningham (2008) explains that the former can manifest itself through the lowering of staff/service-user ratios whereas the latter can involve the routinisation of tasks provided to service-users, often to the detriment of a value-oriented service delivery. Such a scenario presents concerns that the sector will embark on a ‘race to the bottom’ on pay and conditions. Cunningham also explores the strategies adopted by NPOs to protect employees from such influences and finds that, over and above unionisation, success in protecting pay and conditions appeared to be dependent on the application of three strategies: taking advantage of market conditions and the degree of competition in the development of services; developing a multi-customer base; and utilising voluntary sector finance and capital (Cunningham, 2008, pp.1049). Whilst we feel such strategies as outlined by Cunningham may provide NPOs with a useful basis for operating effectively in a more contract driven environment, we found it interesting that the issue of employee skills development was not mentioned in great detail even though it would be a key consideration for addressing these strategies. What is reported in the literature is limited to how organisations focus their training and development activities towards ensuring that the skills required to fulfil the remit of contracts with public sector funders are met (Cunningham, 2010b). Indeed, having the evidence to demonstrate that the NPO has the necessary skills will frequently add legitimacy in the eyes of funders and regulators and in practice many funders oblige NPOs to introduce ‘best practice’ in their approach to training. However, what has also been found is that there may be a predominance placed upon mandatory qualifications that employees of NPOs are obliged to obtain as a requirement of the contracts stipulated by public sector funders and regulators.

It has also been noted that whilst many NPOs are committed to the training and development of their staff, there are a number of difficulties in justifying investment in this area (Cunningham, 2001). Firstly, it is recognised that for any organisation to develop its
human resources effectively, it must take a long-term approach in line with the long-term strategic direction of the organisation and long-term goals of the individuals (Garavan, 2007). However, in reality NPOs are frequently constrained by the uncertainty of short-term contracts with public sector funders, and therefore investing in and nurturing staff for the long-term becomes increasingly difficult to justify. Secondly, funders are often unwilling to allow for the costs of training and development to be factored into contracts and thus NPOs are under pressure to subsume these costs themselves. Such training costs not only involve the actual cost of delivering the training, but may also involve providing cover for those going on training, and bringing together staff from geographically dispersed units and branches. The dilemma for many NPOs is that funders require them to be able to demonstrate they possess the appropriate skills to carry out the contracted service and ensure high quality training provision for its workforce, but many NPOs find it difficult to find the resource to carry out training and justify the use of these resources to other stakeholders. For example, NPOs are sensitive to the charge of spending too high a proportion of resources on administration, staff development and internal communication. They are seen as not existing primarily to benefit staff, but vulnerable groups in society and every penny not spent on that purpose can be perceived as being misspent (Cunningham, 1999). Thus, it is evident a number of challenges exist for the development of human resources in NPOs but there is little empirical evidence revealing how NPOs address these issues.

Therefore in this research, given that the current literature pays only limited attention to HRD in NPOs, and does not fully identify the challenges and opportunities associated with its activities, we specifically sought to understand what NPOs can do to be able to adapt successfully to its challenging context whilst still ensuring that the issue of HRD is promoted and utilised effectively. For example, we sought to establish if by developing employee skills and competencies NPOs may be able to address the strategies that Cunningham (2008) outlines and ultimately protect pay and conditions. This paper aims to address this gap by presenting a more in-depth understanding of the challenges, opportunities and outcomes associated with the development of human resources in NPOs under the context in which they operate. The following section will outline the methodology used to address this gap in understanding.

**Methodology and Research Design**
A multiple case study approach was chosen to undertake the research for this study. Comparing and contrasting multiple case studies is useful in that it allows for a close and in-depth analysis of the attitudes, behaviour and motivations that influence key decision making within NPOs, particularly in relation to the extent to which public sector requirements and value-orientation informs a NPO’s strategy and HRD policy.

For the purposes of this research, purposive sampling was used to select two case organisations from the Northern Ireland region that were known to display organisational advancements in this area. The regional context for the study is an important factor as it is widely acknowledged that regional and local partnerships are most favoured within the NPV sector. Also, by focusing on the Northern Irish region solely, the findings will be helpful for informing policy, practice and further developments under the context of the devolved government and its responsibilities for third sector provision of public services as well as being applicable to central UK government and other devolved governments in the UK (Cunningham, 2010a).

The case organisations were identified after consulting with sector agencies in NI, namely Chief Officers Third Sector (CO3) and N. Ireland Community and Voluntary Association (NICVA). More specifically they were chosen because of their aptitude in reconciling the interests between the various connotations of principal agent relationships within the organisation, whilst also actively dealing with challenging public sector requirements. Details of the two case studies, NPO 1 and NPO 2 are shown in Table 1.

The case study research design involved interviewing a number of individuals at various levels within the organisation.

- Firstly, interviews were held with senior managers in order to glean information on the organisation’s contextual background, its involvement in delivering public services under contract, and the related training and development issues.
- Secondly, interviews were held with HR Professionals and other management personnel (where appropriate) to ascertain more information about training and development strategies and how they have been implemented across the services offered by the NPO.
- Thirdly, focus groups with operational level employees and volunteers (as appropriate) were held to gain an insight into the skills needed to do their jobs effectively and how these have been developed. The motivations and values of the employees were also explored.
Finally, documentary analysis of various organisational, governmental and third party reports was completed to add further richness to the analysis and to validate interview findings.

In total, seven interviews were conducted with senior and middle managers in each organisation. In NPO1, three focus groups were held while two were conducted in NPO2 (see Table 1 for further details). By adopting these data collection methods, the research aimed to explore various views and experiences of HRD issues across the organisation. The current literature surrounding people management issues in the NPO sector solely focuses on the function of HR and is mostly limited to reports from HR professionals or employees. It does not take into account an encompassing view of all internal stakeholders. This research includes insights from key stakeholders such as HR managers, line managers, senior managers and from the employees themselves which adds to a greater in-depth understanding of the HRD issues associated with NPOs.

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<th>Table 1 Case Study Organisation Background and Data Collection</th>
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<td><strong>Nature of Organisation</strong></td>
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<td>NPO 1</td>
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<tr>
<td>An organisation that delivers a range of services that enable</td>
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<td>people with disabilities to get the most out of life and to</td>
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<td>be fully included in their communities. It operates in solely</td>
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<td>in Northern Ireland.</td>
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<td><strong>Nature of Public Service Delivery</strong></td>
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<td>NPO 1</td>
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<td>Funded by a range of government departments such as the</td>
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<td>Department of Health, Social Services and Public Safety</td>
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<td>(DHSSPS) including various Health and Social Care Trusts in</td>
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<td>Managers Interviewed</td>
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Findings

The Changing Landscape of the Non-profit and Voluntary Sector

The policy context for delivering public services under contract in Northern Ireland is not dissimilar from the rest of the UK in that the devolved government has prioritised the building of effective partnerships between public, private and third sector organisations and promoted the role of the NPV sector in assisting government to deliver its objectives (NICVA, 2010). A major policy shift in the delivery of healthcare services in Northern Ireland has come under the banner of the ‘Transforming Your Care’ policy initiated in June 2011 by the Minister for the Department of Health Social Services and Public Safety (DHSSPS). This policy involves integrating health and social care services at the local level and is focused on the provision of more community-based services. It also involves the shift towards providing more care for people at home through the delivery of a diverse and specialised provision of services. It is these community based services that are being increasingly delivered by non-statutory providers such as NPOs and as such NPOs are being faced with providing services that are much more complex in nature and which are serving people who have increasingly complex needs. Inevitably, this has had an impact on the nature of the skills required by
NPOs to address the widening prospects for delivering public services under the ‘Transforming Your Care’ policy.

In regard to the case studies we examined it emerged that these changes to the policy context created a number of opportunities and challenges. One of the key themes that emerged was how the funding environment influenced the strategic direction and development of the organisation. NPO1 and NPO2 are both working in similar areas of the NPV sector in that they are providing a range of care services to the more vulnerable people in society, but they each had very different organisational missions. NPO1 is designed to provide services to create greater inclusion of those with disabilities into broader society. As a result of this remit, the CEO of NPO1 explained that the opportunities which it can undertake are much more diverse:

“... from smart housing right the whole way through to supporting children with complex health care needs in the home. ...... we are not a disability organisation, we are a social inclusion organisation that supports people with disabilities. And therefore our remit is as diverse as the range of issues we have to address in terms of social inclusion”.

Meanwhile NPO2’s organisational mission is narrower, focussing primarily on delivering domiciliary care services. The different remits of the organisational mission may suggest why they each responded differently to the changing landscape for the delivery of public services under contract. Given our interviews with a range of individuals from each organisation, NPO1 is summed up as being strategically proactive when it comes to responding to service-users needs and how it obtains funding relevant to its organisational mission, whereas NPO2 is characterised as being more strategically reactive to the opportunities on offer by funders in its area of domiciliary and home care services. The strategically proactive nature of NPO1 was clear because of its focus on innovation around addressing the changing needs of its service users. For example it developed a number of new services in line with the views and experiences of its service users. This stakeholder approach to the development of its services was a strong feature of the organisation’s governance model in that it has stakeholder forums which include a range of service-users and which inform the creation and implementation of the organisation’s strategic plan. It was evident that NPO1 were focused on responding to service user needs and addressing these needs through the development of new innovative services or practices. For example,
many funding opportunities for NPO1 emanated from identifying and developing services which then were funded by the relevant statutory bodies once it was up and running. The CEO of NPO1 explained this approach:

“The focus is really on the model of practice and our user-led approach. We have a very strong user forum, stakeholder engagement and all that is very very important to us and so our view is that we are delivering really against where our stakeholders want us to go as opposed to we are constantly responding to the commissioning environment. Our job really is to shift the commissioning ... by developing innovative models that people can say, well actually this is a better way of doing things, and then we contract to provide the service”.

Therefore this organisation did not appear to be heavily influenced by the priorities funders placed on the delivery of public services. Further evidence to suggest this was provided in comments from the Head of Organisational and Service Development:

“We would be always guided as well by what our strategic priorities are and the fit with the organisation vision and mission. So for example, we did have an opportunity to go in with another Leonardo project a few years back but we ended up directing it to another organisation, a partner/competitor organisation because it didn’t have strategic fit with what we wanted to do”.

On the other hand, NPO2 appeared to have adopted a different approach in responding to the changing landscape for the delivery of public services in the NPV sector. NPO2 were guided by the priorities of public policy and the availability of statutory funding in the area of domiciliary care and the provision of other related services. Both organisations developed innovative or new services, but a major impact on the direction and development of NPO2 was the changes in policy encompassed by ‘Transforming Your Care’ as opposed to any in-depth engagement with its service users. For example, NPO2 had recently begun to develop specialist services that go beyond the traditional domiciliary services into areas such as Automated Peritoneal Dialysis (APD) service which was designed to allow renal patients to stay in their own homes to receive their treatment and Percutaneous Endoscopic Gastrostomy (PEG) services for people who are unable to swallow or eat enough and need long term artificial feeding. These developments were instigated as
a result of funding opportunities provided by the Health and Social Care Trusts. The deputy chief executive of NPO2 explained that in response to Transforming Your Care policy, the Health and Social Care Trusts viewed specialist care as “an area where they will look for external providers to deliver” and that NPO2 was “gearing ourselves up to be ready to do that”. She went onto explain further:

“The whole concept of more specialist care at home and being able to deliver that is something that is in our current three year strategy that we have been working towards. We have registered with RQIA [Regulation and Quality Improvement Authority] as a nursing agency to give us more flexibility around this so that we can develop more nurse led initiatives and provide solutions to people at home who might require more advanced care”.

Therefore, in terms of setting strategic direction, the key difference between NPO1 and NPO2 was that NPO1 was much more strongly influenced by its core mission statement and the views of its service users, whereas NPO2 paid greater attention to the opportunities within the funding environment, i.e. each navigated the external principal-agent relationships that characterise the NPV sector very differently. In order to explain this, it was important to examine the power differential between the stakeholders involved. The literature suggests that when public sector funders have more power they are more able to dictate terms of contracts for the delivery of public services, and that the sovereignty and independence of an NPO can be threatened. Indeed, both organisations were not immune to the power exerted by public sector agencies in dictating terms and conditions within contracts. Each had to deal with significant budgetary challenges as a consequence of cut-backs from public sector funders. A service manager in NPO1 explained that there “has been no increase in budget even though there is an increase in demand for the service and the number of service users”, whereas the HR and Quality Manager from NPO2 also explained that

“The frustration this year is that nursing homes got a three per cent uplift, and the domiciliary care sector apart from one trust, no uplift from anywhere. But yet the cost pressures are probably greater in domiciliary care than they are in nursing homes. Two of the trusts have cut their rates as well, so they are paying us less than they would have done two years ago”. 
In response to this, the literature in the preceding section has already highlighted the strategies that NPOs may adopt to protect their independence and to claw back power in order to negotiate better terms (Cunningham, 2008), but in the following section we will explore how the NPOs in our study have attempted to claw back power through their HRD strategies and the development of unique and special skills. The following section will explore the different manner in which this was achieved by the NPOs involved in our study.

**HRD Strategies and Skills Development in NPOs**

We found the HRD strategy in both organisations had become more sophisticated and training and development issues had risen in importance. However, throughout the data collection phase it became apparent that in NPO1 there appeared to be more desire to promote and encourage employees to participate in training and development activity to allow them to fully contribute to the strategy of innovation. When we asked those at the front line of service provision about learning and development in the organisation responses illustrated that there was real commitment from the organisation to promote development activities. For example, an employee from the Children and Young Persons focus group observed how her manager was “...very supportive and they will go and find something for us, or resource something if they feel that it’s out there”. Additionally one of the managers reinforced this view by asserting that “... our commitment to skill-up our support workers is phenomenal ... it’s outstanding in the amount of training that we do”.

These sentiments were echoed by the NPO1 CEO who repeatedly remarked upon the overarching strategic aim of innovation and how his main focus was on “skills development, to really drive innovation”. When pressed on how the strategy worked in practice he discussed how the senior management team had set up structures and systems designed to strategically promote training and development. For example, balanced scorecard methodology was used to ensure that a system was in place to “cascade performance measures and targets down through the organisation ... making sure that there is alignment, what people do on the ground, to the organisational score card objectives”. The CEO also reiterated how through the induction and appraisal processes “strategic learning and development priorities... aligned to score card objectives”. It appeared that in NPO1 there was an overarching strategy to create a culture where learning and development was fundamental to both personal and organisational success as the NPO1 CEO described:
“We have a requirement for all managers to be registered to the level 5 in leadership and healthcare, but we are actually driving it down through the organisation. For two reasons, one to really build a whole culture that’s focused on leadership within healthcare and alignment to, obviously quality standards, and the second is succession planning, building skills across the piece”.

To allow us to fully understand how the overarching strategy of innovation was supported by training and development we asked all those taking part in the research for examples to show innovative practice. To that end, a participant in the focus group comprised of care workers responsible for vulnerable young adults in NPO1 described how they had to develop a number of specialist skills. She explained that they “… do a lot of training for that young person, the ‘trachie’ change, suction and then your oxygen therapy and respiratory assessment and saturation monitoring and you know just a lot of stuff” because they now frequently worked with clients with acute respiratory conditions as a result of the organisations strategy to diversify their services.

Meanwhile in NPO2, when asked about HRD strategy the Deputy CEO underlined that as a result of an increasingly complex environment they were required to “… up the training that we do for staff, … what staff are expected to do compared to five years ago … they are having to deal with more complex situations”. As with NPO1, there was also an expressed strategy in NPO2 to innovate beyond their core domiciliary service. As well as the two notable innovative services mentioned in the previous section, APD and PEG, the Deputy CEO outlined that the organisation will “… strategically provide more complex care as an area to go in to and that we would develop specialist skills in house and that then we could potentially market those and training in those further down the line”.

Clearly both organisations paid a great deal of attention to the development of human resources in order to cater for the delivery of a diverse and more complex range of services, however when determining the factors that influenced this attention, it was evident that NPO1 was more influenced by a philosophy of organisational learning and innovation in areas that served their core organisational mission, whereas NPO2 were more influenced by requirements and opportunities set out by their funders. However it was also acknowledged in NPO2 that a driver for developing more specialist skills amongst it staff was to provide opportunities for further career development. As the Director of HR and Quality outlined:
“... it’s a very flat organisation and the opportunities for staff to move beyond care worker are few, whereas by moving into the likes of the APD and the PEG tube feeding and things, we can offer a progression route and a development route for staff. You know, where they can learn these new skills, take on additional responsibilities, and for some of them, you know that may lead to them considering a career eventually in nursing or something else, you know where they are learning and understanding, you know I can do this, and enjoying the challenge of taking on the new responsibilities”.

Regardless of the perspective influencing such HRD strategies, both organisations recognised that they must be more ably equipped in the skills and competencies needed to deliver a range of services so that they could meet the needs and requirements of their stakeholders.

**Key Skills and Competencies**

In identifying the key skills and competencies required to meet the challenges of the changing environment for NPOs, it was evident that leadership was a key priority, particularly in NPO1. For those at the very top of the organisation, the most senior managers, there was an acknowledgement that they needed to truly drive the values and direction of the organisation. As can be appreciated from the previous section, in NPO1 the CEO had a clear vision of the direction he wanted the organisation to move towards, but it was insightful to note that both of the senior / middle managers we spoke to were very positive about the NPO1 CEO who they felt provided excellent direction:

“I’ve worked in a very highly regarded company certainly in England for mental health and learning disability, and it was totally committed to what it was doing, well what I can say is, is that the chief executive didn’t reinforce the values in the same way that [NPO1 CEO] does. Just didn’t do it”.

When pressed on why she thought the organisation was successful the senior / middle manager in charge of Young Peoples Services noted, “I honestly, I honestly think it’s from the leadership, I really really do”. We could have included many more examples to illustrate the views of those in middle management roles towards the NPO1 CEO, with descriptions
such as “forward thinking” or “very visible at road shows” noted. To illustrate more tangibly how the Senior Directors performed their role effectively, the CEO described how he and the other senior management team actively facilitated a leadership development programme (entitled Learn Lead Manage) for managers at Qualification Credit Framework (QCF) level 5 which was designed to further strengthen leadership skills throughout the organisation:

“Myself and my deputy, we just put them together the same as modules, and it was targeted at bringing in, just this is the NPO1 way of doing things, the NPO1 approach, and the way we, the bit that I’m in and I take, ... Understanding the Role of the Manager, it was about managing under performance, it was identified as an area that people just weren’t doing it, and, or were they wanted to do it, they didn’t feel they had the skills, ... we linked that back to the business excellence model and we did little workshops”.

Hence at the senior levels of NPO1 it was clear that direction setting was fundamental to their role and that communication and modelling behaviour were vitally important in enabling the HRD strategy to come to life in a manner that was in line with the overall organisational strategy of innovation and diversification. On the other hand, in NPO2 the importance of leadership and how the organisation’s values were communicated was not featured as strongly in our data collection as it was within NPO1. Indeed, throughout our fieldwork for NPO2, the chief executive’s vision for the organisation was not mentioned in interviews. Furthermore, a care worker participating in one of the focus groups mentioned that “we did not even know that [NPO2] had a new director”, whereas another participant mentioned “I saw him here the other day and I didn’t know who he was either”.

However, what was a common feature of both organisations was the importance of a number of skills for the objective of clawing back power from public sector funders when it came to decisions about the services that were delivered and the terms and conditions of the contracts for such services. For example, when we spoke to those in middle level management position in NPO1 it was clear that as a result of the “challenging environment out there” it was essential that they were able to “lobby the likes of the health and social board, PHA” to allow them to “raise the profile of these very very complex children”. Similarly in NPO2 senior managers noted that there was a real need for managers to be
skilled in making strategic level assessments so that they could evaluate how the organisation could deliver effective services. For example, the Deputy CEO spoke about how decisions had to be made very quickly regarding the ‘financial viability’ of taking on new domiciliary homecare cases when they arise from a Health and Social Care Trust, and often it would mean that they would have to try to “negotiate something with the trust”, to try to obtain more favourable terms for the work.

When examining the nature of skills and competencies at lower levels of the organisations and as already highlighted, the need for developing more sophisticated technical and practical skills was deemed a priority for the delivery of more specialised services. However, not surprisingly given the nature of the sector, we also found that softer skills such as communication, empathy, patience, and diplomacy were all cited as important by the care workers from both organisations. Ultimately what seemed to sum up the feelings of those we spoke to surrounding qualities and skills was that they needed a “person centred” approach when dealing with their clients:

“... you have to be able to understand our clients who maybe have had a stroke, can’t talk, you have to have patience. You have to have a broad mind you have to have ... empathy, because you know, if I was quadriplegic and couldn’t speak, what might I be saying to him, I might be really angry and I might lash out at the first person who comes in the door, so no I don’t have challenging behaviour I’m just cross, or life has just dealt me a really rough blow, just one of the big challenges we have, and it does feed into communication” (NPO1 Managers focus group).

It was found that this ‘person centred’ approach very much influenced the workers’ motivations to be employed and remain within the sector. Across all our focus groups and interviews, it was clear that the individuals involved were motivated by a desire to “make a difference” in some way:

“I think ultimately anybody working in this sort of sector has to have some sort of caring ability and want to make a difference in people’s lives, and you’ll probably find that if we all, you know ultimately we all want to do our job which would benefit and empower our service users, you know that is really what we all strive for, whatever service you are in, I don’t think there are very many people who stay in this field because for the money, or the status because that’s not it, but there is a
real sense of job satisfaction when you see someone achieve their goal” (NPO1 Managers focus group).

Skills Development and its Challenges

It was interesting to note that for both case organisations there was a focus on developing internal bespoke training and development opportunities; however it seemed that the rationale behind such training schemes was influenced by different factors. As previously observed, in NPO1 the strategic development of skills was addressed by the ‘Learn, Lead and Manage’ programme as well as a detailed agenda for training and development activities throughout the organisation. It was very much focused on delivering training and development in line with the cultural values of the organisation, i.e. “the [NPO1] way of doing things”. NPO1 took a very strategically proactive approach to the development of its people and, as already outlined, the use of a sophisticated balance score card and performance management approach informed the priorities given to training and development activities. However, in the case of NPO2 the Deputy CEO outlined that they developed their own training schemes because “the quality of the training provision that is out there is not great … we have had difficulty with training providers”. They also seen the development of their own bespoke training programmes as an opportunity to address the shortfall in external training provided within the sector. As a result, an associated objective of developing their own programmes was linked to the longer term objective of marketing and delivering these programmes to other organisations in the sector: “… our own in-house training, which we think is quite good, we would like to get that maybe accredited and move on that way”. However such a strategy would suggest that NPO2 would lose the opportunity to enhance their training through a value-oriented approach and have to engage in a more generic delivery of training as opposed to bespoke value-oriented programmes such as that developed by NPO1. It also suggests that NPO2 were less strategically proactive, but more reactive and opportunistic when it came to decisions about how training and development activities should be addressed.

One such opportunity to develop skills in NPO2 was through a partnership approach with nurses from one of the Health and Social Care Trusts. This approach was utilised to develop the skills of care workers for the delivery of a specialised service. For example, the Director of HR and Quality noted how in the case of the APD specialist service:
“... the trust renal nurses and [specialist clinical partner], we were like a tri-partite partnership, so they would train our staff and em, when they go out in the community then the nurses will visit them in, I think it’s every three months, to sign them off again as competent, it’s really good framework, and the feedback from our staff has been very positive, I mean they’ve found it both daunting and challenging, but yet the level of training, they are very well equipped to deal with”.

It was also interesting to note that NPO2 appeared to be extremely resourceful in making use of the skills and knowledge already in place in the organisation when it came to training and development provision. For example, the Training Manager was being funded to complete a postgraduate qualification relating to current issues in the sector which would allow her to “cascade down training [which she had experienced] for our own staff”. Furthermore, the NPO2 Deputy CEO outlined how modern media and technology was utilised to help the development of skills and competencies. For example video role plays were used to highlight the types of behaviours necessary in different scenarios, mobile apps were being developed to allow up to date information to be relayed to the care workers and e-learning was being explored as an additional avenue for training delivery.

As well as the more formal and structured HRD innovations in both organisations the importance of informal internal and external peer support in aiding skills development was emphasised. In many areas it appeared as if communities of practice had organically grown up amongst care workers and associated partners to compensate for perceived deficiencies in training. Indeed for some it appeared as if the support and advice from others allowed them to cope with the stresses and pressures of their roles (discussed in more depth in the next section). For example, one of the managers of a care home from NPO1 noted how important informal learning was for her: “Peer provision as well, if something happens with a client and someone has worked somewhere else and seen something similar, they can say, oh I’ve been there and I’ve done that and this is how it works, or that’s how it works”. When it came to developing such communities of practice in NPO1, it seemed that the organisation’s management and geographical bases of where services were delivered from were instrumental in facilitating such discussion through team meetings and informal get-togethers etc. For example, it was evident in the focus groups that those involved in similar services each knew each other well as they could regularly communicate within their place of work. In NPO2 it was clear that such peer learning was also actively encouraged as the Deputy CEO outlined:
“... groups will come together, you know maybe a group who work in a certain area so they will all say, well Joan is particularly difficult, she has dementia and we are all really struggling with this challenging behaviour and, so then I might say, well I found that if you let her have her tea and toast in bed first and then get up, and someone else might say, well do you know that if you come towards her with a smile on your face, that improves her mood, so we use that group learning and peer learning from each other”.

However, it was clear that the difficulties for developing such communities of practice were more pronounced in the context of NPO2. For example, the focus group participants involved in delivering the APD service did not know each other very well, if at all, and thus were unable to have the discussions that were deemed so important by the Deputy CEO. Given the geographical disperse nature of service delivery in NPO2 it was difficult (and expensive) for management to bring the employees together to share lessons about how to carry out their jobs effectively. But regardless of this barrier, many of the general care workers did highlight how they developed ways and means of communicating and sharing knowledge through varied communication avenues such as text messaging and phone calls:

“There are 6 of us on our run, and two of them are here a long time, so we would bounce everything off each other, but our run tends to have a good communication between each other, so if there is something wrong, we will let the others know, whenever they are going in that night this is what has happened, or they haven’t been well and vice versa” (NPO2 care workers focus group).

As indicated above, one of the biggest issues for these organisations was the very dispersed and fragmented workforce operating in the field. This led to the inevitable problems of organising and delivering training or truly developing a team ethos: as the Deputy CEO summarised:

“When you have a dispersed workforce, you have to think of these things. Bring people off the rota, into the classroom isn’t, probably one of the worst ways of delivering training. And part of that is coming back to costs. If you have them off the rota, you have to replace them and you have to pay them to come to training so you have a double whammy there”.

Added to the problem of addressing the dispersed workforce is that NPOs in Northern Ireland deliver services to a relatively small and fragmented client base. Trying to achieve enough scale to allow organisations to offer effective services was identified as another constraint for the case organisations. For example, the NPO2 Deputy CEO underlined the problems of scaling up specialist services such as APD:

“Personally my preference is that if we could have a dedicated group of up skilled staff, whether that’s doing APD or PEG ventilation or whatever, that they would almost be like our healthcare assistants ... we could use them solely for that specialist care, but you need a volume of work to make that feasible for guys otherwise, they won’t get enough income to make it worthwhile ... that would be the idea, if we had enough scale and volume you could have half a dozen people in that role and that’s all they do. But we just aren’t there yet. Whether we will be in terms of the number of people suitable for home dialysis on the assisted model is another question”.

Clearly, as the final paragraphs illustrate, regardless of how well organisations in this sector are led, or the effectiveness of formal or informal training, very practical problems can emerge. In respect to the challenges of logistics and scale the decisions to invest in training and development around particular skills and competency development becomes more difficult. The outcomes of operating in such an environment will now be explored, with particular emphasis on how the workforces of these organisations have been affected.

Outcomes and Impact on the Workforce

Perhaps the most important finding was the clear sense of frustration experienced amongst those at the front line of service provision. During the care worker focus group meetings in both case organisations the irritations and tensions that they experienced were recounted in relation to funding, training and logistical problems encountered in their jobs. For many it seemed that their jobs were becoming more precarious and challenging in nature and that the environment hampered them from delivering the person centred service that they desired.
In terms of logistical issues the care workers regularly spoke about how their jobs had become more bureaucratically oriented with ever more record keeping and compliance procedures to be negotiated on a daily basis. This problem was clearly acknowledged by one of the Care Home managers in NPO1 who noted that the problem results in a culture shock for many new recruits who “sign up to the personal care side of things, that they are carers, but there is a lot more paperwork expected of them”. She went on to suggest that this often leads to problems in employee retention as some feel that the payment they receive is not contingent to the role they actually play. In addition it was felt that some care workers experience confusion “in regards to what they perceive as the most important part of their job, and doing this paperwork thing takes them away from that [care work]”. In a similar vein one of the participants from the specialist brain injury group of care workers in NPO1 discussed how working with clinical professionals and the NHS “rule bound” culture could constrain the satisfactory achievement of outcomes for clients. It was also noted that such a culture had a major impact on the job satisfaction of employees. Frustrations were related to the amount and level of mandatory training and development activities as a result of their work with Health and Social Care Trusts. It seemed as if some of the training was not appropriate, as one of the specialist Brain Injury care workers from NPO1 reflected:

“Trust me, ... I have to say this was proper patronising ... but one of the competencies needed signed off and basically was I capable of using a photocopier, so I was sitting expecting this person to just sign, no no no [sarcastically], I had to be followed up to the photocopier and somebody stood and watched me use it, and I was going home to hand in my notice, I just thought I can’t actually believe this”.

Further frustrations were cited in relation to the financial pressures that many employees experienced. The NPO2 Deputy CEO related how cost pressures had led to staff complaints regarding remuneration and the fact that they had not “had a pay rise in 2 years .... Mileage hasn’t gone up in the same period of time”. She noted that management constantly had to point out that their hands were tied as a result of contracts with the Health and Social Care Trusts. She explained that although the

“... income has been cut, we haven’t passed on any cuts to the staff, we have kept their terms and conditions as they are. But the only light that we can see is procurement in that hopefully the trust goes for fewer providers and more volume. It is about scale for
Not surprisingly, regardless of the efforts of management in NPO2 to hold pay levels at a sustainable rate, there were clearly frustrations amongst care workers regarding remuneration. For example, one of these APD care workers summed up the feelings of many when she stated that although she was pleased to be given a role that enhanced her level of skills and provided job satisfaction, she felt that because of the fragmented and isolated nature of the client base for this service she often had to drive, “Miles and miles and miles for nothing. Last year on Christmas Day I drove to Castlerock for one hour pay”. Similarly in NPO1, senior managers also had issues regarding their relationship with the Trusts and in particular the tight financial climate which impacted upon them. For example, the Head of Young Peoples services in NPO1 stated they “had to increase our mileage rate, and that has had an impact, and that is held within our own budgets, there has been no increase from the Trusts in regards to that, so certainly it continues to be very tight”. Furthermore, one manager pointed out that although NPO1 was perceived by their workforce as a “good employer and we can support our staff, that doesn’t change your wage at the end of the month … We can only pay out what we get in … What our funders provide”.

As well as financial and wage concerns, another major source of frustration was related to increasing stressful nature of their jobs. We heard many stories which showed that at times care workers were at breaking point as a result of the pressures that they faced. For example, a participant in NPO2’s APD focus groups summed up that:

“… by the time you get onto the last one [client call] your head is splitting and you have to start to do dialysis and they tell you that this person is critically ill and that this is very serious and think about what you are doing and don’t make any mistakes and my head is splitting and the sweat is lashing off me”.

As well as the stress of having to deliver more complex care, undertake arduous travel and deal with poor remuneration, another issue that clearly irked care workers was their perceived lack of empowerment to actually make decisions about the care they deliver on the ground, with many feeling that they should be equipped with additional skills and
responsibility. This issue was acknowledged by Family Care Trainer in NPO2 who related a common problem faced by care workers where:

“the family are wanting this done, they don’t understand why it can’t be done that way and then the care workers get frustrated, they are not skilled to be able to make decisions on the ground, but it’s them that is being hit with these questions out there when they are there all the time”.

Clearly, HRD issues were at the heart of these problems and not surprisingly the Family Care Manager in NPO2 noted that efforts to improve “initial training” to help employees were on-going. However, she also cautioned that training could not provide the an all-encompassing cure for the problems as it should be remembered, “that they are still care workers, they haven’t a professional background, ... so that problem solving ... it’s going to be a huge learning curve”. Ultimately, this respondent summed up that such issues were symptomatic of the bigger problems related to how care was now organised under the Transforming Your Care initiative which meant that there would always be three key parties involved, comprising the Trust, organisations like NPO2 and the service user / client. From her perspective it felt as if NPO2 found itself in a “piggy in the middle” position, which was frustrating because those in NPO2 would frequently know “what needs to be done and ... what care that person needs ... but you can’t get it for them because it’s in somebody else’s control”.

This was also reflected by those from the NPO1 brain injury group who noted that they often felt as if their professional experience and qualifications were not respected by Trust employees who appeared to see them as simply care workers. They felt that they did not have the autonomy to make decisions even though they felt qualified to do so. For example, one stated that “… it doesn’t make any difference how many degrees we have or whatever training we have, we are not professionally trained”.

Across both case study organisations, it was clear that the workforce were met with a number of common frustrations. However, although each organisation was experiencing similar pressures, the final impact on the loyalty and commitment of the workforce seemed to be quite different. For example in NPO2, when asked to expand upon the experience of working in the organisation, participants in the focus groups had a much more negative outlook on the organisation and its management than what was illustrated in the focus groups for NPO1. In relation to NPO2, one of the participants of the APD focus group noted
that she often felt as of she was forced by central office staff, who allocate calls to clients, into taking on work that would ultimately lead to more difficulties for her. She summed up her feelings by saying that she felt she was “being played on because ‘you’re good and you’re kind’ – all that old sucky old shite...”. To some extent, the participants of the focus groups felt that their motivation and value orientation towards the service users was being abused by operational staff. Such attitudes indicated a fractured relationship between the organisation’s management and its care workers. This was further demonstrated in the care workers’ feelings towards managers’ efforts to introduce non-monetary incentives for staff who had not missed client calls over a certain period. Reflecting upon this incentive, one care worker bluntly summed up the common view: “Give us the money and not plasmas or tablets [computers], but give us the petrol money”. When we raised such issues with the Deputy CEO in NPO2 it was clear that she was very aware that a schism had emerged which had led to:

“a bit now that it’s us against the care workers, that we are almost here to achieve difference things ... I think things could be better. We certainly have lost something from the centralisation. I think we want to explore how we can regain some of that”.

On the other hand, in NPO1 there was a more positive view of how the organisation treated staff and although financial concerns also came to the fore, employees here were more appreciative of the efforts that the organisation had made, certainly in respect to job security. For example, one of the care workers felt that the organisation seemed to see employees as “one of the biggest assets” which became apparent when European Social Funding was cut by 25%, yet NPO1 still managed to retain staffing levels:

“People being made redundant, people were losing jobs flat out, whereas in [NPO1] where they could, they made their efficiencies in other ways, they were being creative about that and trying their best to hold on to staff like so that was something that they showed ... I remember [CEO NPO1] mentioning that, that was his priority, was the holding on to jobs for the staff”.

Discussion and Conclusions
In this research we sought to examine the strategies for developing human resources in the non-profit and voluntary sector and the challenges and outcomes associated with implementing such strategies in the context in which it operates. Given the case organisations we studied, this research illustrates how NPOs are facing very challenging times in responding to public requirements for the delivery of public services whilst also attending to the core mission of their organisation and the needs and desires of both their service users and employees. Both organisations were not immune from the pressures of complying with difficult contractual conditions imposed by the statutory bodies but it was evident they responded to these challenges in different ways which resulted in different outcomes. Given the diverse and open nature of NPO1’s mission statement, it appeared to have much more scope in its ability to address its mission statement through a range of innovative services that catered for what Cunningham (2008) refers to as a multiple-customer base. This has enabled NPO1 to achieve funding through a variety of different funding mechanisms where they do not solely rely on one statutory body. Whereas NPO2’s core activities revolved around providing care in the home which limited its services to that which is funded mostly by the Health and Social Care Trusts of Northern Ireland. As a result, it was found that the future strategic direction of NPO2 was much more influenced by funding opportunities available from statutory bodies. The future strategic direction of NPO1 was much more influenced by its service users and their changing needs and thus was viewed as being more capable of retaining its independence and sovereignty.

However, regardless of how decisions about their future strategic direction were influenced, it was apparent from both case organisations that addressing HRD issues was an important aspect for meeting strategic objectives and ensuring that they could claw back power within the relationships they had with statutory funders to enable a stronger negotiating and influencing position for the development of its services in the future. For example, they both focused on developing unique and specialist skills in order to take advantage of opportunities either presented through the changing needs of service users or the wider availability of funding in more specialised areas. They also both recognised the need for skills such as lobbying, networking, and negotiating so that they could have a stronger influence over the terms and conditions of contracts set out by statutory bodies. But the manner in which HRD was addressed within each organisation was very different and as a result we found that the outcomes along the commitment and loyalty of its workforce also differed. In NPO1, we found that its approach to the development of human resources took upon a strategically proactive approach (Ruona & Gibson, 2004) that was
implemented using sophisticated methods based on robust stakeholder management, a strong orientation towards innovation and organisational learning, a balance score card approach and best practice in performance management. It was also contingent on strong leadership skills and competencies demonstrated throughout the entire organisation. Overall, it was clear that this approach was very much influenced and enveloped by the CEO of the organisation, in whom many of the organisation’s workforce believed in and respected. Therefore even though the organisation faced many difficult times facing constraining and demanding public sector contracts, and that the workforce were met with many frustrations when operating under such conditions, the workforce appeared to retain their loyalty and commitment towards their role and to the organisation mission, i.e. the values-based psychological contract between the workforce and NPO1 seemed to be resilient (Cunningham, 2010).

On the other hand, NPO2 appeared to take a more strategically reactive approach to HRD (Ruona & Gibson, 2004). Their overall organisational strategy was very much informed by funding opportunities in the wider environment and its HRD strategy was more reactive to the operational struggles and difficulties of training and developing its workforce in order to meet this strategy. For example, although there were many examples of innovative methods in training and development in NPO2, these efforts were very much in response to the operational challenges of addressing HRD in a dispersed and fragmented workforce. There was little consideration for developing an integrative approach to developing its workforce as was apparent in NPO1. It was also apparent that NPO2 lacked the leadership ethos that was such a strong feature in NPO1. As a result many of the same frustrations shared with workers in NPO1 seemed to be exasperated in NPO2, i.e. the values-based psychological contract between the workforce and NPO2 seemed to be much less resilient (Cunningham, 2010).

In conclusion, our research identifies the importance placed upon NPOs adopting HRD strategies and addressing the development of unique and specialised skills in order to claw back power within the relationships they serve with statutory funding bodies. However this research also notes that the manner in which HRD and its associated issues are considered within NPOs can have an impact on the loyalty and commitment of the workforce which serves them. What is of concern is that the context for the delivery of public services under contract is putting increasing strain on NPOs and this has been felt markedly by their respective workforces, and unless strong values-led leadership and
managerial practice is in place in NPOs, the voluntary-centred ethos of those who work in the sector may be significantly damaged.

References


