

2003 Excellence in Practice Citation

Managing Change



Hong Kong Housing Authority

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Hong Kong, SAR, China

The Training Program for Greater Private Sector Involvement

SUMMARY

This is a strategic enhancement training program in support of the implementation of the Private Sector Involvement Initiative (PSI) of the organization from 2000/01 to 2002/03. The organization involved was the first public one in Hong Kong transferring her services to private sector in such a large scale. With the implementation of this change initiative, the organization would be delayed and re-structured, process would be streamlined, and new workflow would be established. Moreover, a great portion of staff (around 3,000 out of 14,000) would leave the organization and join the private sector resulting from this huge outsourcing project. The Training and Development Center developed a 3 phases training plan to help staff go through the transition and enhance their overall competitiveness. Extensive training need analysis was conducted to ensure the effectiveness of the program and the benefits to staff. Training to facilitate staff in making decision on whether leaving the organization, to prepare them to join the private sector, and to enhance their competencies in meeting new challenges were provided. The major focus of the program was to reduce staff's anxiety about the future and equip them with appropriate skills to meet the challenges ahead. In addition to the management support, staff at different levels also participated actively into the process. The whole program was for all staff of the organization and was well received so far. Moreover, very impressive results were obtained and the project was proven to be a success at the end.

BACKGROUND

Description of the Project

This is a strategic enhancement training program in support of the implementation of the Private Sector Involvement Initiative (PSI) of the organization from 2000/01 to 2002/03. A business review in 1999 revealed that the overhead cost of organization,

especially staff cost, was disproportionately high when compared with other large public sector organizations. Management started to seek for opportunities to save cost. At the business level, the search for greater cost efficiency had raised the question whether we could get better value for money from greater Private Sector Improvement in the provision of services. Management decided to transfer one of the services of the organization to private sector. Such outsourcing plan covered three years from 2000/01. After the implementation, we would be responsible for monitoring the performance of the contractors who directly provide the service to our then customers. This was a change in the fundamental business model of the organization. To support this change, the organizational set-up would be delayed and re-structured, process would be streamlined, and new workflow would be established. Under this initiative, staff had three options for their career development:

1. Leave the organization and continue their career in the private companies.
2. Set up a private company and bid the outsourcing projects from the organization. This was so called 'Management Buy-Out' option (MBO).
3. Choose to stay in the organization and take up new job roles.

Purpose of the Practice

1. To allay staff's uneasy feelings, including fear, uncertainty, and frustration, and facilitate them in making the tough decision on whether leaving the organization or not.
2. To strengthen staff's competitiveness in the face of new challenges.
3. To improve marketability and employability of staff leaving under PSI.
4. To help develop a multi-skilled workforce for flexible re-deployment and bridge up skill gaps in staff so that they can take up new job assignments.
5. To upgrade staff competencies to meet the service standards of our service partners.

Implementation

1. Phase 1 - Facilitating staff in making decision on the three options
 - February 2000 to May 2000
 - Preparatory/ transition training focused on increasing the transparency of PSI, stepping up the communication in change, and the career outlook
2. Phase 2 - Preparing staff to join the private sector
 - May 2000 to April 2001
 - Mindset training to cope with changes and future challenges; special focus was on taking up personal ownership and leadership for successful personal and work life

- Customized training to introduce commercial set-up, private sector practices, financial management concepts, legal knowledge, business acumen, and MBO setting up procedures; successful entrepreneurs were invited to share their experience in running business operations
 - Training on contractors' requirements of specific staff competencies; the emphasis was not on gaining qualification but to enhance competitiveness
3. Phase 3 - Enhancing staff's competencies in meeting new challenges
- September 2000 till now
 - Training focused on making paradigm shift and instilling a right mindset to cope with rapid and continuous changing environment, to enhance versatility and adaptability to change, to take ownership and leadership for successful personal and work life
 - Specific training for competencies required for the future operational management model where staff staying in the organization had to take on expanded roles and wider job scope owing to extensive re-structuring and re-deployment.

Target Users

1. Phase 1 was for all staff of the organization, i.e. 14,000+ staff members by then, representing 100% penetration.
2. Phase 2 targeted for those who opt to join the contractors or set up MBO companies, i.e. around 5,000 staff at all levels of the organization, ranging from Workman Grade to Chief Managers
3. Phase 3 was for those who remain under the employment of the organization, i.e. 10,000+ staff at all levels, representing 100% penetration.

Resources Committed

The total expenditures for the Phase 1 and 2 training were below HK\$1 million. In total, 4,616 staff attended 49 different courses during the two phases. Since the Phase 3 training had been included in the business plan of the Training and Development Center, the costing of those training was absorbed by the regular training budget.

Importance and Uniqueness of the Project

We were the first public organization in Hong Kong going through large scale transfer of service and re-organization. The training plan will serve as a good reference for other public organizations when they planned for similar change initiative in the future.

DOCUMENTATION

Needs Identification

1. *Describe the problem or need for which this practice is designed and implemented. How was this problem identified, and how was it determined that this practice is an appropriate response?*

Upon the endorsement of the PSI initiative by the top management in 1999, a working group named Staff Development and Training Opportunities, was immediately established to draw up the training strategy and monitor the launch of the related programs. The working group was chaired by an Assistant Director with members of representatives from different business divisions, human resources experts, training professionals, staff relations co-ordinators and grade managers.

Through regular visits to different grade staff and consultation meetings with respective unions, the staff relations co-ordinators and grade managers were able to identify the specific training and development needs and career aspirations of staff of different disciplines/ ranks in the organization. At the same time, the representatives of business divisions did meet with a number of contractor companies to find out their requirements on staff's competencies, hence the skill gaps of our staff to take up the jobs of these contractor companies. Moreover, they had to stock-take the skills differentiation and gaps between existing jobs and new job roles for the grades affected by PSI. With these initial inputs, the Training and Development Center conducted a series of focus group meetings with staff to confirm their training needs arising from this initiative, both in management and functional aspects.

In addition, the top management arranged several open discussion fora for staff at all levels for them to voice out their opinions on the issue. The staff views at that time were very strong that there were also calls for strikes, pleadings to the Chief Executive and Legislators as well as supports from political parties to go against the move. During the needs identification process, it was found that there had been a general decline in staff morale and staff were:

1. uncertain on
 - the next step to be taken by the top management
 - how quick staff would be made redundant
 - what the final decision of the organization would be and how this would

- affect them
 - whether the contractors would take over the full range of our services
 - the feeling of loss as to whether they should opt to stay put and face redundancy later, or to opt out at that moment
- 2. full of fear that
 - there was no more life-long career as in the past
 - there would be no job security whether one opted to stay or join the contractor companies
 - upon redundancy or joining the contractors, they would have serious pecuniary difficulties in meeting the monthly house mortgage repayments under the housing subsidy scheme of the organization
- 3. very frustrated that
 - staff's hard work in making the contractors a success had put an end to their own career
 - staff's past efforts and contribution had not been given due recognition by the organization who only eyed on cost, not quality of services
 - staff who had faithfully carried out orders and instructions of the organization being classified as the reason for cost-ineffectiveness
 - lack of staff participation in the decision making process
- 4. lack of skills in coping with new challenges
 - Staff were facing mid-career concerns and moral issues both for themselves and their peers. Many were uncomfortable with challenges to their traditional approaches and found yesteryear skills inadequate for tomorrow's fluid and dynamic operations.

Design Values

2. *Please describe how this practice takes into account the best interests of both the organization and the employees targeted.*

According to the needs identified above, the Training and Development Center developed a 3-phased training plan to align with the roll-out schedule of PSI.

During Phase 1, special focus was on minimizing staff's uncertainty and redirecting their energies towards a positive direction, hence making a right career decision. In the first place, we conveyed a clearer picture of what lied ahead to staff. At that moment, the corporate decision was still not very clear to all and it required continued clarification. We arranged a series of communication sessions among top team, staff and unions so that they could re-establish trust and goodwill which

was fundamental to developing mutual understanding, and a shared vision for change. Staff was then aware that they could still influence the decision making process by involving more. Moreover, top management at different occasions announcing that there would be no 'redundancy' under the scheme also helps reduce staff's anxiety.

On the other hand, we invited lots of renowned speakers to share their experience in private sector and about their stories of making difficult decisions in life. Workshops on stress management and positive mindset were also organized to support this phase of implementation.

In the second phase, the focus was to address staff's concerns over their capabilities in coping with the future changes and challenges in the private sector. We arranged the senior managers to elaborate to the interested staff on the setting up procedures of MBO, the requirements set out by the organization and the completion of the complicated documents. Some chartered financial analysts were also involved to introduce the financial management concepts applicable in private businesses, and the legal implications of companies. For those who would like to join the contractor companies, we provided them with the mindset training and managing stress workshops to help them go through the transition. In addition, several technical training courses, e.g. Course on Building Management Ordinance, were launched since these were the knowledge required by contractor companies.

The programs of the last phase were supported by very detailed needs analysis provided by different grade managers. We had on hand the training needs for all disciplines/ ranks. For example the middle to senior managers would like to strengthen their leadership skills and service concepts while the junior staff had stronger interest in technical skills. Most importantly, the program should nurture a reform culture through leadership development and staff training with a view to developing a more dynamic, flexible and value-adding workforce which was customer-focused and result-based. A re-vitalisation program for leaders was put in place to explore ways of self-renewal, team alignment and to better serve the customers.

The following training approach adopted also added value to the success of the program:

1. Competency-based

- The training program was competency-based and in alignment with the organization and individual job requirements under the new operating

environment.

2. Just-in-time and Just-enough
 - The program schedule went hand in hand with the implementation progress of the PSI and the consequential redeployment program.
 - The courses were designed with an aim to help staff attain the appropriate proficiency level for the new job roles and to enhance their competitiveness.
3. Reinforcing the concept of self-ownership
 - The program nurtured staff to take ownership for their development and to regard job transfer or leading improvement projects as an integral part of their own enhancement training and development. Line managers were encouraged to take the lead to coach, to provide feedback and to support staff during the transition.

Alignment

3. *How is this practice in alignment with the performance identified, as described in your answer to question 1?*

The training program was all in support of the changes and corporate initiative, and it had all along been endorsed by the senior management. Frequent progress reports were submitted to top team for information and discussion and continuous communication was in place among them and the staff side.

This training plan also aligned with the requests of staff and unions alliance, the target trainees. Through continuous communication, most of the input from staff side had been included into the plan.

Finally, the program aligned with the core values of the organization who advocated Caring, Committed and Customer-focused. Both the completed training plan and the development process reflected how caring our top management was. They cared about the feeling and needs of staff and actually tried hard to address them.

Evaluation Strategy

6. *How is this practice evaluated? What factors are included in your calculations (e.g. time, costs, staff count, lost phone calls, customer satisfaction)? Are the financial costs of this practice calculated? If so, how? How often is this practice evaluated?*

The success of the strategy was evaluated at the end of the program by the following criteria:

1. Number of staff leaving under the scheme
2. Number of staff get trained
3. Number of MBO set up
4. Contract sum of the phased transfer of services

Results

7. *What specific participant behaviours are observed as a result of this practice, and how do these behaviours contribute to the goals of the practice? Are the impacts of these behaviours short-term or long-term? How do these behaviours differ from the results of previous practices?*

The training strategy has been a success as measured by the above different indicators.

Number of staff leaving under the scheme

- A total of 3,178 staff eventually left the organization, representing 22% of total population as at year 2000

Number of staff get trained

- 3,069 staff attended Phase 1 training
- 1,547 staff attended Phase 2 training
- 4,532 staff attended Phase 3 training

Number of MBO set up

- There were 12 MBO companies set up for this purpose

Contract sum of the phased transfer of services

- The total contract sum of this transfer of services was HK\$3.78 billion
- 3,000+ new jobs were created in the private sector to take up the transferred businesses

Shared Learning

9. *What have been some of the specific lessons learned from designing and implementing this practice for the purposes of continuous internal improvement? Please discuss whether and how this practice might be transferred and replicated both internally and externally to your organization.*

To conclude, we are proud of being a successful change facilitator. We managed to secure support from top management of the organization to commit resources in developing our staff in an innovative approach, which made us the pioneer in similar set-up in Hong Kong. The major learning for other organizations is that we should help our staff realize the gap as much as possible instead of keeping the secret at the top level in times of change.

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