Despite repeated reform efforts, human resource management in government remains a focus for intense criticism, as reflected in the following illustrations.

In fiscal 1989, the U.S. Department of Health and Human Services issued $58 billion in grants, but the federal personnel system provided no formal training or career development for the grants management workforce (U.S. Department of Health and Human Services, 1990).

In 1991, the state of Florida experienced high rates of turnover in its 120,000-person civil service, but the Florida Department of Administration had no mechanisms for assessing the role of the pay system on turnover, employee morale or performance (Wechsler, 1994).

In 1993, the National Commission on State and Local Public Service concluded that state and local government managers struggle to assemble workforces to accomplish their missions in the face of antiquated entry tests and rigid limits on the number of candidates whose names may be forwarded for interviews (National Commission on State and Local Public Service, 1993).

Are these problems inherent in the enterprise or can something be done about them? Advocates of strategic human resource management (SHRM) contend that the human resource function can contribute more effectively to mission accomplishment and the achievement of organization goals (Devanna, Fombrun, and Tichy 1984, Lengnick-Hall and Lengnick-Hall 1988, Schuler 1992, Perry 1993). SHRM seeks to align personnel practices with the strategy of the organization and integrate them into the everyday work of line managers and employees (Schuler 1992). A U.S. Department of Health and Human Services (HHS) study (Secretary of Health and Human Services 1995) associated SHRM with attributes such as mission and customer responsiveness, speed, cost effectiveness, flexibility and simplicity, empowered and entrepreneurial clients, and productivity through people.

Powerful economic, demographic, and technological forces have risen that are radically reshaping longstanding assumptions about organization and management. These forces represent the challenges that will be driving human resource management in the future. The most significant economic force is globalization of economic activity. A direct effect of globalization has been to stimulate the search for new organizational forms that can accommodate the imperatives of the changing environment (Naisbitt and Aburdene 1985).

Intertwoven with global economic changes is a technological revolution. The pace and scope of technological change, particularly the revolution in information technologies, bears great relevance for human resource management (Perry and Kraemer 1993). Increasing technology allows organizations to maximize performance through the optimal combination of human and automated capabilities (Offermann and Going 1993). Information technologies are incrementally...
transforming the ways governments at all levels are organized, the activities they perform, how they perform them, and the nature of the work itself (Perry and Kraemer 1993)

The implications of changing technology are complicated by dramatic demographic shifts in the workforce. Among key demographic trends are a declining rate of growth of youth entering the labor force, aging of the workforce, multiple wage earner families, and increasing proportions of women, minorities, and immigrants in the U.S. national workforce (Johnson 1988, U.S. General Accounting Office 1992). Accompanying these trends are increased demands for technological competence, educational levels, and skills involving teamwork and autonomy (Shin and Mesch, 1996)

These economic, technological, and demographic challenges have created the need for more attention to human resources, a longer time perspective in thinking strategically about people as resources, and consideration of people as assets rather than as variable costs (Beer, et al. 1985). This conclusion follows logically from the general principle that human capital has become a strategic resource. The shift in the conceptual status of human resources, however, does not assure changes in organization realities. Although many analysts believe that human resources have taken on new importance, it is less clear that the management of human resources has attained a status equal to its enhanced importance.

This chapter begins by contrasting a general model of SHRM with traditional public personnel systems. As part of our discussion of the SHRM approach we identify practical implementing concepts that organizations are using to create more strategic systems. Finally, we provide illustrations of SHRM in three government organizations and conclude with a prognosis for SHRM in the public sector.

CONTRASTING MODELS OF HUMAN RESOURCE MANAGEMENT SYSTEMS

Human resource management systems can be differentiated along four dimensions: (1) centralization/decentralization, (2) uniformity/customization, (3) specialist/generalist, and (4) process/results (Mesch, Perry, and Wise 1995). The anchors of each dimension represent the archetype of two contrasting human resource management models, bureaucratic and strategic. These are represented by polar configurations of the organizing principles represented in Figure 1

---

INSERT FIGURE 1 ABOUT HERE

---

The centralization/decentralization dimension involves the extent to which decision-making power about human resource management is delegated down the chain of authority and rests with single or multiple control centers (Daley 1990, Ingraham 1992, Mintzberg 1983). Mintzberg (1983) calls this organization design parameter vertical decentralization. Decisions
regarding centralization/decentralization depend upon differences in the size, mission, and culture of individual agencies (Hyde and Rosenbloom 1993) The key question policy makers and managers must address is How much responsibility, authority, and power should the organization delegate and to whom? Under a decentralized human resources system, agencies and their subunits are required to take more responsibility for classification, recruitment, selection, discipline, training, compensation, and retention (Hyde and Rosenbloom 1993)

The second dimension, uniformity/customization, indicates the extent to which human resource management policies are uniform across organizational units or customized to the needs and environment of a specific agency (Ingraham 1992, NAPA 1993, Perry 1993) The way in which an organization is structured and designed controls this human resources decision Given the mission and structure of the organization, the choice becomes whether a "one size fits all" policy is best or whether a more flexible set of policies are appropriate For example, if an organization designs its workforce into self-managed teams, human resources policies need to reflect the needs of employees by designing the recruitment, selection, promotion, reward, and evaluation policies to match the requirements of this design Under this personnel system, rules and procedures would be limited largely to enforcing statutory requirements (rather than prescribing uniform personnel policy or practice) (Hyde and Rosenbloom 1993)

The third dimension, locus of authority, refers to the extent to which personnel specialists (through their knowledge of rules and regulations and their authority to approve or deny), rather than line managers, control personnel actions (Klingner 1990, Perry 1993) The issue here is to what extent the human resources function is integrated into management responsibilities Is the personnel function made an integral part of the organization's activities by decentralizing and deregulating them, or are these activities seen as buffered from the central mission of the organization? (GAO 1995)

Lastly, the fourth dimension concerns the degree of emphasis on the personnel process itself in contrast to organization results (NAPA 1993) A process emphasis focuses on maintaining the integrity of the personnel process for its own sake A results-oriented approach focuses on customer outcomes and employee accountability for performance

Mesch, Perry, and Wise (1995) discuss the differences between bureaucratic and strategic models At one extreme, the bureaucratic model is characterized as centralized, prescriptive, and uniform (Newland 1976) It places authority for personnel actions in a single, central agency and attempts to make personnel management uniform and consistent across a whole jurisdiction, viewing government as a single employer Extensive rules and regulations and centralized oversight agencies enforce consistency

The bureaucratic model is hierarchical and relies on personnel specialists to manage the human resource function It limits the amount of discretion available to line managers who might introduce inconsistency or favoritism into the system Oversight commissions and boards monitor adherence to stated practices and regulations The primary focus of human resource management
is to protect the integrity of the process, which is seen as fundamental to limiting inequitable treatment in the employment relationship, unfairness in the distribution of organizational rewards, or politicization. Within a bureaucratic culture, few line managers perceive their primary role as a human resources manager. The relationship between the two is often adversarial line managers perceive personnel specialists as obstructionists and personnelists perceive line managers as uncooperative and disinterested.

In contrast, the strategic human resource management model emphasizes decentralization and devolution of authority. It seeks not uniformity but variety in personnel policies and practices. Flexibility is a key component of strategic organization and involves not only flexibility in decision making but also flexible roles for employees and an emphasis on cross training, multiple skills and compensation for skill development (Kanter 1983). Power is channeled to line managers and employees as partners in determining workplace policy. SHRM attempts to pare down excessive rules and regulations enabling managers to function more efficiently and to focus on achieving their organization's mission. An emphasis is placed on measuring outcomes within a results-oriented philosophy. Results-oriented organizations track performance against mission-related goals in such areas as product quality, service delivery, and customer satisfaction (GAO 1995). SHRM's definition varies among writers, but at its core is a system that attempts to enhance organizational performance (NAPA 1993, Lengnick-Hall and Lengnick-Hall 1988, Perry 1993).

The model presented in Figure 1 describes a linear relationship among these human resource management design attributes and two other components, intermediate outputs and organizational and employee outcomes. The four dimensions of human resource management systems are depicted as influencing both organizational processes and outcomes. Three intermediate outputs and two employee and organization outcomes are identified. Among the intermediate outputs are personnel policy effectiveness, employee empowerment, and performance culture. Employee and organizational outcomes include job satisfaction and organizational effectiveness.

IMPLEMENTING CONCEPTS

Some cautions should be sounded at this point. We expect that the organizing principles outlined above will be operationalized differently in different organizations. It is important that the dimensions outlined above not be embraced in a "one size fits all" fashion. Some organizations will appropriately remain traditional and more bureaucratic because their missions, environments, or other key contingencies necessitate higher levels of organization and stability. For example, high reliability organizations (e.g., nuclear power plants, aircraft carriers, air traffic control centers) (Roberts 1990) might be ill advised to embrace SHRM as outlined above. On the whole, however, the ideas about SHRM can be adapted to the needs of a wide range of organizations.

We turn now to the issue of how public human resource managers can effectively implement the general principles of SHRM. We suggest concrete ways, what we call implementing concepts, for achieving better ties between human resource management and organizational
mission (1) linking human resources to the strategic planning process, (2) aligning human resources policies with organizational strategies, (3) developing personnel generalists, (4) delegating personnel administration and management responsibility, (5) training personnelists and managers, (6) developing results-oriented measurement systems, and (7) creating information systems

Linking Human Resources to Strategic Planning

One means for making the human resource function more supportive of mission accomplishment is to integrate human resources considerations into the strategic planning process. In order to accomplish this, human resources managers must become strategic partners with management and play an integral part on the strategic team in the initial stages of planning (NAPA 1995b). This means senior management must recognize the importance of the human resources contribution to the organization's strategic goals and must allow the human resources senior manager the same status and power as other top team players.

Buller (1988) identifies four types of linkages between strategic planning and human resources, administrative linkage, one-way linkage, two-way linkage, and integrative linkage. The integrative linkage, characterized as close interactions between the strategic planning and human resources senior executives, is described as a dynamic, interactive relationship where the senior human resources executive is viewed as a true strategic partner with other senior executives (p 34). Buller's study identifies several important factors that can foster the strategic planning-human resources integration, including requiring senior human resources executives to have substantial line experience, involving them in top-level decisions, and giving line management a major planning role (p 41).

Aligning Human Resources Policies with Organizational Strategies

The goals and results human resources achieve must be synonymous with organizational success. This means that human resources policy and practice should be relevant and connected to the organization's mission (NAPA 1995b). By eliminating the "one-size-fits-all" model and allowing agencies to design and customize human resources policies to fit their organizational strategy, human resources activities are more likely to be aligned with agency goals. Through decentralization, differences among agencies in their mission and culture would be supported by removing constraints on innovation and flexibility and by shifting responsibility for managing people from personnel staff to agency managers (NAPA 1995b). This strategy of decentralization is accomplished by devolving authority from agency personnel officials to line managers in the human resources decision-making process.

A current impetus for strategic realignment is total quality management (TQM). Pursuit of quality as an organization strategy requires substantial change (see Berman, chapter X, for a discussion of TQM). Lawler and Bowen (1992) argue that total quality management necessitates a corresponding realignment in the way organizations conceive of human resource management.
by focusing on the organization, rather than the job, and supporting group rather than individual performance.

Compensation is another arena in which to align organizational strategy and human resources policy and practice (Lawler 1990). Strategic compensation programs are designed to match organizational goals with pay strategies. For example, compensation systems that reward senior line and function managers for organizational performance is a way to focus organizational efforts on results.

Developing Personnel Generalists

The goal of integrating human resource management into the mission of the organization cannot be accomplished without training line managers to be personnel generalists and expanding the roles of personnel specialists. Typically, personnelists function in such common roles as benefits administration, compensation and pay processing, training, records management, or job analysis. Line managers are not involved in these activities nor do they have the skills to function in these roles. Expanding functional roles of personnelists into roles in which they take on multiple personnel tasks will contribute to simpler and more effective support to line managers. Essentially, a SHRM approach would encourage the personnelist to be transformed from specialist to human resources generalist/consultant for service delivery, while, simultaneously, training managers in personnel skills.

Enlarging and enriching the roles of personnel specialists is a way to integrate functional activities. Other initiatives such as job rotation, cross training, and job redesign are also means to increase integration of specialists and generalists and to broaden personnel roles. For example, rotating line managers through human resources functions and having human resources specialists in line positions as part of their career development would help to reduce existing organizational barriers and develop greater competence for all roles.

Delegating Personnel Administration and Management Responsibility

Delegating responsibilities is a way to achieve both greater vertical decentralization and generalist involvement. Such delegation can occur while simultaneously assuring accountability of line and staff roles. Managers can be held accountable for human resource management results and human resources staff can become accountable for achieving mission results (NAPA 1995b).

There are at least two ways in which delegation with accountability can be pursued. One is by retaining a traditional public law framework, which specifies statutorily personnel administration and management responsibilities and grants authorities for delegating them. An alternative is the use of performance contracting (Perry 1993). Performance contracts would permit departments to articulate goals for human resources management, identify objectives, and measure progress using appropriate indicators such as productivity levels, employee satisfaction, and skill development (p. 62).
Training Personnelists and Managers

Providing adequate training and information is essential to prepare managers for their new and expanded roles (Perry 1993). The only way to accomplish this goal is by training managers in new leadership roles such as career counseling, teamwork, and job design skills (NAPA 1995b, Perry 1993). Critical competencies for line managers in this new environment emphasize supervisory and leadership skills as well as data analysis and statistical techniques so that they can evaluate program results (NAPA 1995b 33). If human resources senior management is expected to achieve the status of strategic partner, competence in the strategic planning process is required as well. Organizations must invest in developing human resources staff competence to function in all role requirements. Breaking out of the traditional functional orientation of personnel administration requires extensive training.

Developing Results-Oriented Measurement Systems

Measurement is important for assessing the efficiency and effectiveness of human resource management in relation to an organization's mission (NAPA 1995b). Taking regular measures such as costs and servicing ratios, return on investment, employee and human resources service satisfaction, and customer needs are ways to measure organizational success. When human resources goals are tied to desired mission results, line managers are held accountable for these outcomes. Line managers must be involved in this process, however, to ensure that human resource management measurement captures information that is important to agency mission results (NAPA 1995b 33).

To achieve a results-oriented focus, managers need to evaluate organizational effectiveness by measuring outcomes and by using benchmark measures for human resources efficiency. Some of these mechanisms are already in place at the federal level. For example, the Government Performance and Results Act of 1993 (GPRA) was passed to improve the effectiveness of federal programs by establishing a system to set goals and measure performance (NAPA 1995b). GPRA requires federal agencies to describe how they will use human resources to meet goals established in their strategic plans (NAPA 1995b).
Creating Information Systems

Information technology is critical to successful management of the workforce (NAPA 1995b). Technology plays an important part in decentralization and in achieving a results-oriented strategy (Perry 1993). When managers are given direct access to systems that provide workforce information, they are empowered to make more informed decisions at lower levels of the organization and are more competent to handle personnel tasks. Automated systems allow human resources departments to transform themselves from transaction processors to advisors, consultants, and strategic partners (NAPA 1995b 13). Human resources online information technology also allows managers to accomplish more complex tasks such as succession planning and staffing projections. Without this type of technology, human resources specialists are not capable of handling large bodies of information. Increased use of information technology serves to develop and promote the concept of "management generalist" while improving services and reducing costs. Finally, improved technology will allow a greater number of human resources services to be performed by the customer.

EXAMPLES OF STRATEGIC HUMAN RESOURCE MANAGEMENT

The model and implementing concepts provide an indication of the direction we expect public sector human resource management to evolve in the future. Are there current examples of strategic human resource management in the public sector? The answer is yes, but they are relatively new and not very common. Three are briefly discussed here: the city of Hampton, Virginia, State of Washington, and the National Institutes of Health (NIH).

City of Hampton, Virginia

In 1984, the city of Hampton, Virginia, faced a daunting set of urban problems. Its real estate tax rate was among the highest in Virginia. The annual budget was being balanced with reserve funds. Population growth was stagnant, and school enrollments were declining. To make matters worse, Hampton was losing businesses to neighboring cities and facing significant reductions in federal aid.

Under a new chief executive, Hampton sought to turn around the bleak state of affairs. Its turnaround strategy focused on five targets of change: its environment, organization structures, work design, employee behaviors, and organizational systems. In pursuing change, Hampton sought to reshape itself as what has become known as a "high-performance organization." Among the characteristics the city leadership attempted to build into the organization were clarity of purpose, shared power, flexibility, customer and employee focus, and a results orientation.
During the course of Hampton's transformation, the human resource function was itself transformed. Tharon Greene, director of human resources for Hampton, describes the transformation:

We had eighteen people in our office when we started this transformation ten years ago, and now we do just as much work probably a lot more work and more effectively with nine people. We attribute that to the reengineering of work, the elimination of the midmanagement level of supervision, and the reduction of handoffs from one branch to another. We've eliminated the overhead costs associated with the extra layer of supervision and shortened cycle time by eliminating handoffs (U S GAO 1995).

The transformation of human resources in Hampton involved more than streamlining processes and eliminating positions. Another result was the creation of personnel generalists, one of the implementing concepts discussed earlier. Greene (U S GAO 1995) describes this aspect of the shift to strategic human resource management:

*Our department used to be structured along the same specialized lines as traditional personnel offices with branches of recruitment, placement, employee relations, training, and so forth, with branch chiefs and technicians and secretaries assigned to those branches. That system served us well enough, but over the years we found we had to make it more flexible. So we took out a level of supervision, the branch chief level, and we collapsed the organization into two self-directed work teams. The professional teams are fully cross-trained in all human resource functions and offer one-stop shopping to a set of customers. All the work comes into one place, the team members decide how it will get done, and the team manages its resources to see the job through.*

Hampton's organizational transformation has been supported by significant changes in organizational systems that accompanied the structural changes noted above. Hampton eliminated its classification system. The pay philosophy adopted by the city council provides incentives so that high performers are paid above market. Over two hundred employees participate in various self-directed teams. For these employees, pay is based on results, demonstrated skills, group accomplishments, customer satisfaction ratings, and budget performance.

Hampton's high-performance strategy succeeded. Tax rates, debt service, and workforce size have declined. Human resource management has been an integral part of the city's success.

**State of Washington**

The state of Washington is in the early stages of transition from a functional to a strategic human resource management system. The state employs about 70,000 people, 50,000 of whom are in state agencies and 20,000 of whom are nonfaculty employees at higher education institu-
tions. As one of its first steps to introduce flexibility into the civil service system, the state created the Washington Management Service (WMS) as part of 1993 civil service reform legislation. The WMS covers about 2,000 top-level managers who have supervisory, personnel administration, and budgetary responsibilities.

The WMS introduces substantive changes in personnel policy that have been widely discussed, but infrequently adopted, in the public sector. These include simplified classification, broad banding, a performance management system that emphasizes program results and management skills, and strengthened management training and career development. The WMS also provides flexible recruitment and hiring procedures, including an option for managers to hire a research firm to locate candidates rather than using the services of the Washington State Department of Personnel (DOP).

DOP's role has also begun to shift. The director reports to the governor as a member of the governor's cabinet. This facilitates consideration of personnel implications of new legislative and administrative initiatives. Thus, the close working relationship between the governor and director of personnel facilitates the consideration of human resource issues in strategy making. DOP has also sought to champion employee interests. One illustration is Workforce 2000, which systematically gathered data from employees and translated it into 121 improvement initiatives. DOP has also played the role of change agent as reflected in several initiatives, most notably the WMS implementation.

Another step in DOP's evolution is its effort to develop and enhance human resource information systems (HRIS) throughout the state. In September 1994, DOP completed an HRIS feasibility study. DOP customers place a high priority on flexible access to human resource information. The effort to satisfy this priority is presently under way.

National Institutes of Health

In October, 1995, the Secretary of the Department of Health and Human Services (HHS) authorized an experiment in the National Institutes of Health (NIH) (a subunit of the Public Health Service) as part of the broader effort of the National Performance Review. This HHS initiative had its origins in a National Academy of Public Administration report (1993) that called for reinventing federal human resource systems so that they became the responsibility of all organization members and units, not just the functional responsibility of personnel offices.

The express goals of the experiment are to simplify personnel management and administration and make it more responsive to the NIH strategic plan. The experiment uses several implementing concepts. First, it is governed by a formal, written performance agreement (1995) between the secretary of HHS and the director of NIH. Second, the performance agreement delegates to the Director personnel management and administration authorities historically held by the Secretary. These delegations also include responsibility for setting policies with respect to work schedules, recruitment and retention bonuses, market salary surveys, and other specified...
areas. Restrictions on redelegations have been eliminated so that program managers can be given direct responsibility for human resource management. Third, requirements that authorities redelegated to line managers be approved by a servicing personnel office have been lifted. Finally, the performance agreement calls for an external evaluation that must "link the use of the delegated authorities to the NIH Strategic Plan and to two of the five goals that form the framework for accomplishing its mission" (p. 3).

The NIH experiment is in its infancy, but it illustrates one way that human resource management can be implemented within a public law framework. The performance agreement between the Secretary and Director redefines responsibility within existing legal structures. The changes simultaneously decentralize and retain clear accountability. Thus, SHRM does not inherently assume departures from principles of democratic accountability.

CONCLUSION

Like the NIH example, SHRM is a new and evolving approach to human resource management in the public sector. It is more a way of thinking about the human resource function in organizations than a prescribed set of techniques. In fact, the logic of SHRM is intended to avoid Wallace Sayre's (1948) oft-repeated criticism of personnel management as the triumph of technique over purpose. Whether the SHRM approach becomes the norm in public jurisdictions will depend on a variety of factors, among them its ability to achieve results, achieve public acceptance, and avoid threats to political neutrality.
REFERENCES

Beer, Michael, Spector, Bert, Lawrence, Paul R., Mills, Quinn, and Walton, Richard E. 1985


Naisbitt, John, and Aburdene, Patricia 1985 *Re-inventing the Corporation* New York Warner Books

National Academy of Public Administration 1995(a) *Innovative Approaches to Human Resources Management* Washington, DC NAPA

National Academy of Public Administration 1993 *Leading People in Change: Empowerment, Commitment, Accountability* Washington, DC NAPA

National Academy of Public Administration 1995(b) *Strategies and Alternatives for Transforming Human Resources Management* Washington, DC NAPA


Osborne, David, and Gaebler, Ted 1992 *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector.* Reading, MA Addison-Wesley

Perry, James L., and Kenneth L. Kraemer 1993 "The Implications of Changing Technology." In Frank Thompson (ed.), *Revitalizing the State and Local Public Service: Strengthening...*

Roberts, Karlene H 1990 "Managing High Reliability Organizations " California Management Review. (Summer) 101-113

Sayre, Wallace 1948 “The Triumph of Techniques Over Purpose” Public Administration Review 8 134-137


Secretary of Health and Human Services 1995 "Performance Agreement Between the Secretary of Health and Human Services and the Director of the National Institutes of Health " Mimeo Washington, D C


Wechsler, Barton 1994 “Reinventing Florida's Civil Service System: The Failure of Reform” Review of Public Personnel Administration 14(2) 64-76