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Bureaucratic and Strategic Human Resource Management: An Empirical Comparison in the Federal Government*

Debra J. Mesch, James L. Perry, and Lois Recascino Wise
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ABSTRACT

Proposals to reform the highly regulated personnel system that governs the majority of federal employees are the focus of national debate. This study compares two contrasting personnel systems, authorized by titles 5 and 38 of the U.S. Code, presently used within the federal government. Title 5, which emphasizes uniformity and centralization, typifies the bureaucratic model of human resource management. Title 38, which is decentralized and gives more latitude to line managers, is representative of the strategic human resource management (SHRM) model. This study attempts to identify significant differences between the two systems in their ability to produce certain organizational and individual outcomes. The main finding, that no significant differences can be attributed to the personnel systems, raises questions about the utility of title 38 as a model for reforming the federal personnel system. It also provides insight into the potential problems related to efforts to implant SHRM reforms in different public agencies. Some implications for policy and practice are discussed.

Popular management literature (Carnevale 1991; Peters and Waterman 1982; Peters 1987; Walton 1986) has identified a variety of innovations characteristic of the most recent wave of organizational transformations. One of the most striking, strategic human resource management (SHRM), refers to ideas intended to increase the responsiveness of the human resource function to organizational goals (Devanna, Fombrun, and Tichy 1984; Lengnick-Hall and Lengnick-Hall 1988; Miles and Snow 1985).
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1984; Schuler 1992). Strategic human resource management is conceived as integrated or strategy-driven activities rather than as functional or administratively oriented activities (Perry 1993). This shift in orientation requires closer ties between strategic planning and human resources. Proponents of SHRM contend that increasing integration between organizational goals and human resource management requires decentralization, flexibility, and greater line manager involvement. These ideas have been popularized in the public sector by books such as Osborne and Gaebler’s Reinventing Government (1992) and Barzelay’s Breaking Through Bureaucracy (1992).

The appeal of these ideas is powerful. Some state and local governments are considering or have already put into place policies to implement SHRM systems (National Commission on the State and Local Public Service 1993; Thompson 1993). The reforms recommended for the federal system by Vice President Gore’s National Performance Review (NPR) reflect the logic of SHRM. In its report, From Redtape to Results, the NPR proposes creating flexible and responsive hiring systems, establishing agency-based performance management and classification systems, initiating cross training for human resource professionals, and eliminating the ten thousand page Federal Personnel Manual that regulates personnel actions for about three-fourths of all federal employees who fall under the purview of title 5 of the U.S. Code.

Although the rhetoric of NPR implies a transformation of federal personnel policy, some of the proposed practices are already in place in some federal agencies. Congress established separate personnel systems for a few federal agencies and in other cases special demonstrations authorized under title VI of the Civil Service Reform Act have allowed agencies to experiment with different systems for staffing and compensation (Ban 1991; NAPA 1993, E1-F6).

These alternative systems gain importance as reformers look for ways to modernize human resource management in the federal government (NAPA 1993). In fact, in its study, The Title 38 Personnel System in the Department of Veterans Affairs: An Alternative Approach, the Merit Systems Protection Board (MSPB) (1991, 1) reported: “The review identified several provisions of the title 38 system which merit consideration for adoption in any attempts to modify the larger title 5 system. . . .” The MSPB report concluded that title 38 gives greater flexibility and control to line managers than title 5 and “. . . offers a number of specific methods for placing decision making in the hands of managers and allowing local officials to carry out their personnel...
management responsibilities without detailed procedural require-
ments" (U.S. MSPB 1991, 47). Similarly, the National Academy
of Public Administration (NAPA 1993, D6) cites pay flexibility
as the underlying reason behind the success of the VA and other
federal agencies using alternative federal personnel systems to
recruit and retain skilled employees.

Title 38 was established at the end of World War II as a
special personnel system to facilitate the hiring of people in
health occupations—physicians, dentists, and registered nurses—in
the Veterans Administration. Title 38 exempted these occupa-
tions from competitive examination and provided significant
flexibility in pay setting. It later was expanded to cover, fully or
in part, nine other health occupations within two VA divisions.
Today, this code governs personnel actions for about 75,000 VA
employees as well as employees in other agencies such as Health
and Human Services and the National Institutes of Health. The
bulk of VA employees (about 135,000), however, are covered
under title 5.

This study compares the relative effectiveness of title 38,
an approach that embodies ideas associated with strategic human
resource management, with that of title 5, an example of a tradi-
tional bureaucratic personnel system. Do titles 5 and 38 produce
significantly different personnel and organizational outcomes? Is
MSPB correct in suggesting that title 38 is a "very effective"
system that should be considered as a model for federal HRM
reform?

We begin with a comparison of the conceptual and oper-
tional differences between title 5 and title 38. Next we explain
the methodology used in the study. Following the presentation of
results, we conclude with a discussion of theoretical and practical
implications.

CONTRASTING MODELS OF HRM SYSTEMS

The differences between bureaucratic and strategic human
resource management can be understood in relation to the organ-
izing principles summarized in exhibit 1. The exhibit suggests
that human resource management systems can be differentiated
along four dimensions. The centralization/decentralization dimen-
sion represents the degree to which power for decision making
about HRM rests with single or multiple control centers within an
organization (Daley 1990; Ingraham 1992; Mintzberg 1983). The
second dimension, uniformity/customization, indicates the extent
to which HRM policies within the organization are uniform
across organizational units or customized to the needs and
environment of a specific agency (Ingraham 1992; NAPA 1993; Perry 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 hold control over personnel actions (Klingner 1990; Perry 1993). Finally, the fourth dimension concerns the degree of emphasis on the personnel process itself in contrast to organizational results (NAPA 1993).

The model presented in exhibit 1 describes a linear relationship among these HRM 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 organizational 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.
Two contrasting human resource management models, bureaucratic and strategic, are represented by polar configurations of the organizing principles in exhibit 1. At one extreme, the bureaucratic model is characterized as centralized, prescriptive, and uniform (Newland 1976, 531). 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 HRM is to protect the integrity of the process, which is seen as fundamental to limiting inequitable treatment in the employment relationship or unfairness in the distribution of organizational rewards.

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 organizations and involves not only flexibility in decision making but also flexibility in 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 to 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 organizational mission within a competitive environment. 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).

Federal Examples of Bureaucratic and Strategic HRM Models

In the federal government, the closest approximations of the bureaucratic and strategic HRM models are U.S. Code title 5 and title 38, respectively. Title 5 systems reflect a bureaucratic approach to HRM. They rely heavily on formal processes to control recruitment, selection, placement, and reward and are regulated by a central agency, the Office of Personnel Management (OPM). Managing these personnel functions becomes the focus of HRM (Sayre 1948). Within this context, managers are given limited opportunities to use discretion. Classification
standards establish the criteria for hiring, placing, evaluating, and rewarding employees and form the basis of personnel management (Lane and Wolf 1990); the extensive rules and guidelines contained in the Federal Personnel Manual regulate the process. The principle of internal equity is the underlying concept around which the system is developed; maintaining the integrity of the system is the primary concern of responsible administrators (NAPA 1993, B9).

In title 5 personnel systems, a formal rank-in-position system promotes consistency and uniformity in job status, increasing personnel system effectiveness. Classification limits the extent to which jobs can be designed around the skills or interests of particular individuals, serving the goal of equal employment opportunity and the identification of appropriate career ladders within and among agencies. Employees are expected to be familiar with their job responsibilities and tasks, aware of career growth opportunities, and assertive in pursuing opportunities for advancement. In turn, these factors are expected to improve personnel system effectiveness. Because the system is perceived as fair and legitimate, employee job satisfaction is increased (Baruch 1941, 70-79; Suskin 1970, 287-88; Wise 1982, 120-36).

A graded, fixed-step pay schedule promotes equal pay for equal work among federal agencies and links lateral movement in pay rates to specific time-in-service periods. It also permits job-based comparisons of pay rates between sectors. Employees are expected to perceive internal and external pay equity and, as a result of perceived equity, job satisfaction is expected to benefit (Elizur 1980; President's Reorganization Project 1977). At the same time, perceptions of fairness and parity are thought to make the personnel system more effective in recruiting qualified employees (U.S. OPM 1979; President's Reorganization Project 1977; Wise 1982, 127-37).

Title 38 differs in a number of respects from title 5. It is administered according to a framework of rules contained in a departmental manual. Rules are generated directly without a formal review process (U.S. MSPB 1991). It is structured to enhance personnel policy effectiveness and strengthen perceptions of control and authority within the organization by placing decision-making authority in the hands of managers and peer review boards. Under VA regulations, professional review boards are permitted to investigate a range of personnel actions and to set standards. Personnel policy effectiveness is achieved by strengthening the linkage between pay and performance, by
In July 1991, shortly before the data in this study were collected, bonuses for physicians completing study in a scarce specialty area were increased from $4,000 to $40,000.

In principle, title 38 strengthens the pay-performance contingency by taking greater account of the individual's skills and experience in setting pay rates. Production standards are not used widely; rather, bonuses are awarded at management's discretion for the attainment of certain professional achievements and recognition. For example, physicians and registered nurses can receive bonuses for completing study in a scarce specialty area or for attaining board certification in their professional fields.¹ These pay practices can be seen as instruments for expanding organizational capacity and contributing to the overall ability of the organization to achieve its mission (Kanter 1983).

Title 38 also strengthens the pay-performance contingency by permitting more flexibility in awarding in-grade step increases based on high performance. Rewards may vary depending upon the nature of the improvement.

Title 38 is designed to enhance organizational flexibility in HRM. Status is assigned to individual employees, not the jobs they occupy, by a standards review board made up of professional peers. Flexibility exists not only in how employees are rated but also in how they are assigned. The system emphasizes the potential and real contributions of individual workers; thus it can be expected to enhance the extent to which individuals find their jobs challenging while it provides an avenue for employee empowerment through professional boards.

Title 38 does not conform to the SHRM ideal type defined by the extreme right of the four dimensions defined in exhibit 1. Although title 38 is decentralized and relies more substantially on line managers, it uses general rules and therefore is only partially customized. Title 38 personnel systems also remain process oriented, with no formal direct linkages between organizational goals and personnel practices. The actual differences between title 5 and title 38 are represented impressionistically on the dimensions in exhibit 1.

Hypothesis

The expected differences between title 5 and title 38 can be summarized in the following hypothesis.

Employees working under a title 38 personnel system will perceive (a) a stronger pay-performance contingency, (b) more job challenge, (c) more personnel system flexibility, (d) higher employee empowerment, (e) higher job satisfaction, (f) a stronger performance culture, and (g) greater

¹In July 1991, shortly before the data in this study were collected, bonuses for physicians completing study in a scarce specialty area were increased from $4,000 to $40,000.
The sampling plan did not select employees proportionate to the actual size of their agencies or pay categories; therefore, a weighting procedure was used to ensure that agencies and pay categories were appropriately represented in the government-wide sample. The procedure involved taking the sample size for a group and weighting it according to the analogous population size. If a group was oversampled according to its population size, it received a small weight. If a group was undersampled according to its population size, it received a large weight. The end result for each group was a weighted sample size, which was representative of the actual population size of the group.


The sample size of 896 included all cases in the twelve health-related fields. This sample was used in analyzing the scale items and testing the internal consistency of each scale. Because of missing data, the multivariate analysis utilized a sample size of 707.

Independent Variables

Three categorical independent variables were examined in this research. The primary independent variable used to test our hypothesis is personnel system; employees work under either title 5 or title 38 personnel systems. The second independent variable used in the analysis is type of department; employees are affiliated with either Veterans Affairs (VA) or another federal agency (not VA). VA includes all employees who work in the Veterans Affairs Health Services and Research Administration and not VA includes employees who are employed in the remaining nineteen departments of the federal government (e.g., Health and Human Services, Food and Drug Administration, National Institutes of Health, or Defense). The VA-not VA comparison is included because title 38 was developed specifically for health care professionals within the VA and the majority of health care professionals are found in this agency. However, because health service employees also are found within other federal agencies, there may be differences not only across type of personnel system but also between the VA and other federal agencies.

The third independent variable examined was occupation; employees were classified as either pure or hybrid. The occupation category consists of a total of twelve occupational titles—six in the pure group and the other six in the hybrid group. Occupations included in the pure category are dentist, optometrist, physician, physician’s assistant, podiatrist, and registered nurse. These occupations are paid under specific title 38 pay schedules and are covered by rules separate from those of title 5 for
A MANOVA generally is used to determine if two or more interrelated dependent variables differ across a number of categorical independent variables. It is inappropriate to use separate univariate analysis (i.e., Analysis of Variance) for each dependent variable for several reasons. First, correlations between the dependent variables are usually something other than zero—that is, people who score high on one dependent variable generally score high on the other dependent variables. Under this condition, application of univariate tests will cause the probability of a type I error (i.e., the null hypothesis will be rejected too often). The second reason for avoiding a series of univariate tests is related to the fact that as the number of dependent variables increases, the probability of finding a significant difference by chance alone also increases (Huck, Cormier, and Bounds 1974). As such, we rely on a MANOVA statistical analysis for this research.

Research Design and Dependent Variables

A 2 x 2 x 2 Multivariate Analysis of Variance (MANOVA) design was used crossing personnel system (title 5 or title 38) with department (VA or not VA) with occupation (pure or hybrid). In this design, the department and occupation independent variables essentially serve as controls to assure that differences in employee responses associated with department or occupation are not attributed to the personnel system.

Seven criterion variables measuring personnel outcomes and organizational effectiveness were included in the MANOVA. All items were measured using a 5-point response format ranging from 1 = strongly disagree to 5 = strongly agree. Scale items and corresponding reliability coefficients for multiple-item scales are found in the appendix. Cronbach’s alpha was used to test the internal consistency of each scale.

Exhibit 2 specifies the sample size used for the MANOVA.

Exhibit 2
Sample Size for the MANOVA for Each Cell (n = 707)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>VA Personnel System</th>
<th>Not VA Personnel System</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Title 38</td>
<td>Title 5</td>
</tr>
<tr>
<td>Pure</td>
<td>332</td>
<td>41</td>
</tr>
<tr>
<td>Hybrid</td>
<td>32</td>
<td>68</td>
</tr>
</tbody>
</table>

3A MANOVA generally is used to determine if two or more interrelated dependent variables differ across a number of categorical independent variables. It is inappropriate to use separate univariate analysis (i.e., Analysis of Variance) for each dependent variable for several reasons. First, correlations between the dependent variables are usually something other than zero—that is, people who score high on one dependent variable generally score high on the other dependent variables. Under this condition, application of univariate tests will cause the probability of a type I error (i.e., the null hypothesis will be rejected too often). The second reason for avoiding a series of univariate tests is related to the fact that as the number of dependent variables increases, the probability of finding a significant difference by chance alone also increases (Huck, Cormier, and Bounds 1974). As such, we rely on a MANOVA statistical analysis for this research.
Because all dependent variables were significantly correlated with each other, a three-way MANOVA procedure was used to test the effects of the independent variables on the seven criterion variables.

MANOVA Results*

Results of the MANOVA test indicate significant main effects for department (F = 3.12; p < .01) and occupation (F = 2.81; p < .01), and a significant department by occupation interaction (F = 2.61; p < .025) (see exhibit 3). Our hypothesis, however, addresses differences between personnel systems—title 38 and title 5. No significant main effects were found across personnel systems; thus, the hypothesis was not supported.

Exhibit 3
2 x 2 x 2 Multivariate Analysis of Criterion Variables With (7/693 df)

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>F</th>
<th>Sig. of F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>3.12*</td>
<td>.003</td>
</tr>
<tr>
<td>Personnel system</td>
<td>.606</td>
<td>.751</td>
</tr>
<tr>
<td>Occupation</td>
<td>2.81*</td>
<td>.007</td>
</tr>
<tr>
<td>Department x Personnel system</td>
<td>1.28</td>
<td>.254</td>
</tr>
<tr>
<td>Department x Occupation</td>
<td>2.61*</td>
<td>.011</td>
</tr>
<tr>
<td>Personnel system x Occupation</td>
<td>1.16</td>
<td>.319</td>
</tr>
<tr>
<td>Department x Personnel system x Occupation</td>
<td>1.02</td>
<td>.410</td>
</tr>
</tbody>
</table>

In order to interpret the interaction, post hoc univariate tests were conducted to determine which variables contributed to the overall significant results. The analysis indicates that job challenge, general job satisfaction, perceived performance culture, and organizational effectiveness were found to contribute significantly to the department by occupation interaction (Fs = 6.00, p < .05; 5.89, p < .05; 8.49, p < .01; 6.25, p < .05, respectively) (see exhibit 4).

The nature of the interaction suggests that employees inside VA score significantly lower on perceptions of job challenge, job satisfaction, performance culture, and organizational effectiveness—but only those employees who have hybrid type jobs. No significant differences were found for employees in the pure job...
category across departments, nor were significant differences found between the pure and hybrid type jobs within the VA. (See exhibit 5 for means of univariate tests.)

Exhibit 4
Univariate F-Tests for Department x Occupation Interaction With (1,699 df)

<table>
<thead>
<tr>
<th>Variable</th>
<th>F</th>
<th>Sig. of F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job challenge</td>
<td>6.00*</td>
<td>.015</td>
</tr>
<tr>
<td>Pay-performance contingency</td>
<td>.106</td>
<td>.744</td>
</tr>
<tr>
<td>Personnel system flexibility</td>
<td>.791</td>
<td>.374</td>
</tr>
<tr>
<td>Employee empowerment</td>
<td>.341</td>
<td>.559</td>
</tr>
<tr>
<td>General job satisfaction</td>
<td>5.89*</td>
<td>.015</td>
</tr>
<tr>
<td>Performance culture</td>
<td>8.49**</td>
<td>.004</td>
</tr>
<tr>
<td>Organizational effectiveness</td>
<td>6.25*</td>
<td>.013</td>
</tr>
</tbody>
</table>

Exhibit 5
Means for Significant Post Hoc Univariate Tests of Department x Occupation Interaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>VA</th>
<th>Not VA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job challenge</td>
<td>Pure</td>
<td>Hybrid</td>
</tr>
<tr>
<td></td>
<td>5.95</td>
<td>6.07</td>
</tr>
<tr>
<td></td>
<td>5.53</td>
<td>6.11</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Pure</td>
<td>Hybrid</td>
</tr>
<tr>
<td></td>
<td>8.72</td>
<td>8.84</td>
</tr>
<tr>
<td></td>
<td>8.53</td>
<td>9.15</td>
</tr>
<tr>
<td>Performance culture</td>
<td>Pure</td>
<td>Hybrid</td>
</tr>
<tr>
<td></td>
<td>39.38</td>
<td>40.23</td>
</tr>
<tr>
<td></td>
<td>38.81</td>
<td>42.13</td>
</tr>
<tr>
<td>Organizational effectiveness</td>
<td>Pure</td>
<td>Hybrid</td>
</tr>
<tr>
<td></td>
<td>26.11</td>
<td>27.50</td>
</tr>
<tr>
<td></td>
<td>26.05</td>
<td>29.11</td>
</tr>
</tbody>
</table>

DISCUSSION

Contrary to our expectations and theory related to SHRM, no significant differences were found based upon whether respondents were covered by title 38 or title 5. Significant two-way interactions were found, however, between department and occupation.
Although there was no main effect for the title 38/title 5 distinction, the results do bear on title 38. Occupations were sorted according to whether they were fully or partially covered by title 38. Physicians, registered nurses, and dentists, along with three other occupations, were categorized as pure title 38 occupations. They are covered only by title 38, except for their retirement system. Six occupations were classified as hybrids because they were added to title 38 after 1975 and are covered not only by title 5 retirement but also by the pay, discipline, and performance management provisions of title 5. Thus the occupation variable is not independent of the title 38/title 5 statutory distinction and may represent a sharper underlying difference (built on both statutory treatment and occupational differences) than the title 38 versus title 5 dichotomy.

The two-way department-occupation interactions for job challenge and job satisfaction suggest that VA employees are significantly less challenged than non-VA employees, but only for hybrid occupations. The significant interactions for job challenge and job satisfaction appear to be a result of both low means for hybrid employees in the VA and high means for hybrid employees outside the VA. What accounts for these differences? Two explanations—one statute-based and the other departmental—seem plausible. The statutory reason resides with the fact that hybrid employees are a special class under title 38. They merit less favored treatment than other occupations (e.g., physicians and registered nurses) covered exclusively by title 38.

The departmental facet of the explanation for the low mean scores among hybrid employees for job challenge and job satisfaction involves the service delivery roles of the hybrids. From the perspective of the core mission of VA, occupations in the hybrid category (e.g., practical nurse, pharmacist, and physical therapist) probably enjoy less status than physicians and registered nurses. The hybrid group is more likely to be in the position of having their work prescribed or defined by members of the other occupational group. This is less likely to occur outside the VA where members of the hybrid group may be operating in nonhealth organizations and are more autonomous from other health occupations. The high mean scores for employees in the non-VA hybrid category lend support to this explanation.

Regardless of whether the job attitudes of hybrid employees in VA are a result of unequal statutory or operational treatment, the disparity is something that can and should be managed, particularly when it detracts from VA’s effectiveness. If the disparity is a result of different statutory treatment, then it also points to a potential problem with the proliferation of personnel systems.
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Title 38's distinction between fully and partially covered occupations may reinforce tensions among occupations.

In many respects, these findings are better explained by Frederick Mosher's (1982) arguments about professions in government than by SHRM theory. SHRM theory posits that among the outputs of decentralization and line manager control are greater flexibility and responsiveness to organizational requirements. Our results indicate an alternative. Decentralization and line manager involvement may give greater control to professional elites who use the personnel system to pursue their norms. Thus it seems probable that decentralization and devolution are as likely to facilitate self-aggrandizing behaviors by lower-level participants as they are to produce goal-directed behavior.

One explanation for the absence of differences between title 38 and title 5 may be that features of an organization's larger context negate the presumed advantages of title 38. VA employees as a group perceive lower performance culture and organizational effectiveness. Furthermore, two-way department-occupation interactions were found for performance culture and organizational effectiveness. These perceptions may reflect the enormity of the VA's mission, the constraints of powerful interest groups, or some combination of workload and constraint (Bauman 1993; U.S. GAO 1993). The environmental constraint explanation receives support from the comments of a former congressman (Bauman 1993):

VA provides a cautionary example of what happens when politicians put government in the health care business in a big way, then try to micro-manage the medical system to please well-organized consumer constituents.

The lack of significant differences might also emanate from unintended consequences of title 38. A U.S. General Accounting Office study recently observed that professional review boards, created as devices to involve professionals, sometimes have the opposite effect. Review boards tend to be unilaterally appointed in the VA, for example by the director of a medical center, and are typically made up of senior medical center officials. "This can be perceived as an inappropriate control of the process by management" (GAO 1993, 9). The result may be to exacerbate employee perceptions of powerlessness rather than to enhance empowerment.

This study has at least two limitations that must be considered when interpreting the results. The first is that title 38 falls short of the strategic human resource management ideal type
defined in exhibit 1. Although title 38 is decentralized and delegates significant responsibilities to nonpersonnel specialists, it remains process- rather than results-oriented and fairly uniform in its personnel policies and practices. In fact, it may be argued that the centralized/decentralized component accounts for the only substantial difference between the two personnel systems—and even the validity of this dimension may be problematic. Although the agencies under which title 38 is mandated may be characterized as decentralized, in actuality the organizational design may be more representative of Mintzberg’s (1983) divisional structure (with the technostructure firmly in place) rather than of an adhocracy structure in which decision making truly is decentralized. Operationally, then, organizations under a title 38 system may be no different than those operating under title 5—only the decision-making authority has shifted down from the departmental level to the agency level.

As a result, title 38 may fall short of crossing the threshold that differentiates it qualitatively from title 5 and it may be that a qualitative shift is required on all HR dimensions in order to attain the predicted SHRM outcomes. In general, it is possible that efforts to make personnel systems more strategic may not perceptibly influence employee/organizational outcomes until substantial changes have occurred along each of the four dimensions identified in exhibit 1. These uncertainties, however, can be resolved only through further empirical research.

A second limitation of the study concerns the research design and the problems associated with survey research. The 2 x 2 x 2 MANOVA quasi-experimental design provided a relatively powerful statistical model with which to assess the effects of contrasting personnel systems. Although we are encouraged by the robustness of the design, the design would have been enhanced either by more agencies representative of the SHRM system or by greater breadth of occupations covered by such systems. More sophisticated system comparisons should also be a goal of future research.

Additionally, we acknowledge that there may be variables that were not measured or specified in our research design. This is due to the constraints of using survey data collected prior to the design of the study and having no control over the variables specified. Since no significant differences between personnel systems were found, the null hypothesis was accepted. Accordingly, there is the possibility of a type II error—the nonfindings were a result of inadequate measures that did not sufficiently discriminate between personnel systems rather than a no-difference finding between title 5 and title 38. This argument,
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however, is countered by several factors. Even if variables were omitted from the design, seven criterion variables measuring personnel outcomes were included and some differences across personnel systems should have been found—especially given the variables identified and the robustness of the experimental design. Moreover, the variables that were measured were based on the HRM conceptual model specified and also based on SHRM theory. Accordingly, given the use of multiple measures and the way in which the study was designed, it is difficult to challenge the nonfindings based on theoretical or methodological grounds.

Despite its limitations, the study raises issues that should be considered both by Vice President Gore's National Performance Review (NPR) and by reformers generally. A primary thrust of NPR is to decentralize personnel systems and give more responsibility to agencies to design and administer them. This comparison of title 5 and title 38 indicates no clear advantages of the latter, decentralized system. On the other hand, it may indicate, contrary to the assumptions of NPR, that personnel systems that are decentralized and that give latitude to nonpersonnel specialists have no inherent advantage over bureaucratic systems. The findings suggest the need for further research, particularly about the intermediate outcomes of different personnel system configurations.

Another lesson for the NPR is that of the potential pitfall of multiple personnel systems. Although the results are only suggestive, they point to potential problems associated with conferring different statuses on employees by treating them differently in agency personnel systems. We found no negative effects when title 38 and title 5 employees worked side by side in the VA, but we did find differences between employees in the same occupation in VA and in other agencies.

A final lesson is that adopting strategic personnel systems may be no panacea for the problems found in federal agencies. Despite a presumed advantage from a more flexible and responsive personnel system, employees in the VA rated their agency’s performance culture and organizational effectiveness lower than employees in other federal agencies. Regardless of whether employees’ perceptions were shaped by internal or external factors, a more strategic personnel system was unable to overcome those constraints to produce more desirable outcomes.

CONCLUSION

This study raises some questions about the validity of claims about the benefits of SHRM. In a comparison between title 5 and
title 38, there were no significant differences directly attributable to the personnel systems. Further research is needed to determine whether organizational characteristics or other factors idiosyncratic to VA account for these findings. Evidence about implementation procedures within the VA would give insight about why expected results were or were not obtained. For example, the extent to which participation in professional standards boards contributes to perceptions of employee empowerment needs to be examined.

The implications for policy are significant, particularly as the federal government and other public employers look for new ways to organize human resource management (Sampson 1993). The appeal of the notion of reinventing government is strong and draws support from all quarters of society. In the haste to implement progressive reform, it would be unfortunate to embark on a course that exacerbates public cynicism and employee alienation. As the lesson of experiments with performance-based pay in government demonstrates (Perry 1986 and 1990), ideas with great intuitive appeal are not easily translated into effective human resource management.

APPENDIX

1. **PERSONNEL POLICY EFFECTIVENESS**
   A. Pay performance contingency
      I can expect to receive a pay raise or cash award if I perform exceptionally well.
   B. Job challenge ($\alpha = .65$)
      My present job makes good use of my skills and abilities.
      My job is challenging.
   C. Personnel system flexibility.
      To what extent do personnel rules and regulations make your job difficult?

2. **EMPLOYEE EMPOWERMENT ($\alpha = .78$)**
   Employees in my work unit are encouraged to participate in decisions affecting their work.
   In my work unit, employees’ personal development is encouraged.

3. **PERFORMANCE CULTURE ($\alpha = .89$)**
   I have confidence and trust in my second-level supervisor (my supervisor’s supervisor).
   High performers tend to stay with this organization.
   I have confidence and trust in my organization.
   My organization demonstrates a concern for the safety and health of its employees.
   Pay raises and cash awards around here depend on how well you perform.
   I am satisfied with the chances I have to accomplish something worthwhile.
   My organization provides a good physical work environment.
   Regardless of position or rank, my organization treats employees equally.
   My organization understands and supports employees’ family responsibilities.
   My organization encourages employees to use their skills and abilities.
   Customer service is a priority in my organization.
   My organization supports internal promotion.
   My organization makes attempts to keep employees challenged in their work.

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APPENDIX (continued)

4. EMPLOYEE/ORGANIZATION OUTCOMES

A. Job satisfaction ($\alpha = .73$)
   In general, I am satisfied with my job.
   I get enough information to do my job properly.
   Policies and procedures affecting my work are communicated adequately.

B. Organizational effectiveness ($\alpha = .88$)
   To what extent do you think your organization is effective in:
   a. Responding to peak demands and emergencies?
   b. Identifying its customers (those who use its product or services)?
   c. Meeting the needs of customers?
   d. Avoiding costly mistakes?
   e. Assigning the right people to the job?
   f. Meeting the personal needs of employees?
   g. Providing supplies, equipment, training, and other resources to get the job done?
   h. Providing systems or support that make it easier to get the job done?
   i. Fully using employees' skills and abilities?

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