

Human Resource Management Innovation in Selected Jurisdictions

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Overview

Civil service laws and regulations have been the hallmark of public agency human resource management. They have provided necessary protections from political influence, arbitrary decision-making and inattention to appropriate qualifications. These protections, however, have often inhibited reform efforts by working against entrepreneurial leadership and risk-taking. In response, Human Resource Management (HRM) has been undergoing reform in public agencies for nearly thirty years. Over the last decade, in particular, public HRM has received a good deal of attention in the drive to “re-invent” government. The resulting trend in the public sector has been to decentralize human resource management functions, and replace adherence to procedures with more focus on results, customer satisfaction, and partnering with customers. These reform efforts have produced innovative strategies and best practices around the country.

This document is part of a larger effort by the Center for the Study of Social Policy in partnership with the Annie E. Casey Foundation to focus on the public human services workforce crisis.¹ Public human services are losing veteran staff to retirement and second careers in the private sector. In addition, high job stress, low salaries, difficult work environment and a currently competitive job market have contributed to increased turnover among less experienced staff. Finally, recruitment has not kept pace with the vacancies. This workforce crisis makes life difficult not only for administrators but for families and children as well. People are the heart of effective human services delivery. How these people are treated in the workplace affects the families and individuals they serve. We believe there must be more intentional, aggressive, results-oriented, and visible HRM efforts in human services. To that end, we believe public human service managers should become more familiar with available HRM strategies.

This overview and the following case studies are intended to provide public human service administrators with insights into HRM best practices as they have been implemented in seven jurisdictions. With the exception of the North Carolina counties, the application of the strategies specifically to

¹ See Center for the Study of Social Policy, *Improving the Quality of Human Service Through More Results Oriented Human Resource Management*, June 2002, Washington, DC.

human services is not explored. Instead, these case studies describe practices that have been implemented across departments and programs.

The jurisdictions studied include **Maricopa County, AZ; several counties in North Carolina; Phoenix, AZ; Sacramento County, CA; and the states of South Carolina; Washington, and Wisconsin.** They were primarily selected because they are nationally recognized as being leaders in the field of public HRM by their peers² and *Governing Magazine's* Governance Performance Project. However, these jurisdictions are not alone in their efforts. Appendix A provides a brief compendium of a range of HRM best practices in several additional jurisdictions. Appendix B acknowledges the representative from the selected jurisdiction, who provided information for this document.

Selected jurisdictions and their best practices.

The best practices of particular interest to public human services are those that give greater flexibility to line management, offer opportunities for improving the job satisfaction among frontline and supervisory staff, and provide guidance for effectively evaluating job performance. The selected jurisdictions are known for implementing innovations in one or more of following areas:

■ Expedited recruitment and hiring.

Traditionally, recruitment and hiring have been controlled through a single point of entry, job specific exams, and other restrictive procedures. Ongoing reforms are intended to expedite the identification and selection of qualified applicants by reducing the recruitment steps, simplifying exam strategies, launching more aggressive outreach efforts, and delegating hiring authority to line managers.

■ Compensation flexibility and improved quality of worklife.

Several factors enter into workers' decisions to stay with a particular employer or to leave. After personal reasons, compensation, supervision, opportunity for professional development, and general work life quality contribute to the decision. As a result, innovations intended to prevent unwanted turnover include classification and compensation system reforms, professional development, and employee recognition.

²The International Personnel Managers Association (IPMA) and the National Association of State Personnel Executives (NASPE) are continually identifying and publicizing examples of innovative personnel strategies in state and local governments. Each year, they confer Eugene H. Rooney Awards on deserving jurisdictions and individuals who represent best practices and leadership in the field.

■ **Structural human resource management reform.**

In recent years, the approach to civil service reform has been to transform the centralized human resource functions. This transformation includes decentralization of responsibilities to line management, an overhaul of personnel managers' roles – from specialists to generalists – and an emphasis on outcomes rather than procedures.

■ **Labor relations.**

Labor-management cooperation is essential in creating an effective workforce. Innovations in labor relations view unions as potential allies rather than adversaries in the effort to upgrade government operations, to introduce change, and to conceptualize and implement needed innovations.

■ **Performance appraisal**

Trends in HRM reform often focus on the appraisal mechanism because of its critical role in job satisfaction and in validating the outcomes of other personnel decisions. The chief trends include evaluations that are 1) tailored to the job (rather than using one instrument for multiple jobs,) 2) involve participation of the employee and other observers of performance, and 3) concentrate on measurable objectives.

Crisis and re-invention goals motivated innovation; leadership sustained it.

In most of these jurisdictions, a workforce “crisis” initiated reform. Primarily, employee turnover spurred efforts to change. High turnover rates led to investigating employee satisfaction through surveys and focus groups. The emerging efforts to “reinvent” government also gave impetus to one state to totally overhaul the civil service system along with restructuring the entire state government.

Reform was not simple or easy in any of the jurisdictions, despite data that indicated a need. All of the case studies point to the need for strong leadership and vision. These leaders ranged from city managers, career civil servants, and political appointees who brought knowledge and experience from the private sector and the field of public administration. But, these leaders could not bring about reform all on their own.

Employee teams convened and supported by the leadership studied best practices, surveyed their colleagues, and designed recommended strategies. In some cases, as in Washington State, the recommended strategy was piloted to obtain feedback. These teams served to confirm desired goals and broadened ownership of the recommendations. In Wisconsin, the teams included a mix of management and labor representatives to improve labor relations and, again, increase understanding and ownership of the proposed reforms.

Legislation was also needed in some instances to break the bureaucratic “strangle-hold” and empower administrators to make further changes. Legislative action, however, often required persistence and negotiation. Wisconsin’s efforts required three legislative sessions to achieve the whole reform package. In contrast, however, many of the “quality of life” reforms did not require legislative action. Many of these strategies were simply implemented with minimal expenditures and creative leadership.

Results

Turnover, worker satisfaction, participation in training, and age of vacancies are commonly used to judge success of HRM practices. Some HRM functions also measure the satisfaction of HRM’s “customers.” These measures include timeliness of the hiring process and quality of candidates recruited. Using this and other information, the selected jurisdictions have achieved results with their reforms:

Maricopa County, AZ

- Reduced turnover by as much as 50 percent in some areas.
- Employee grievances reduced 25 percent.
- Altered leave plan reduced sick leave misuse.
- Selected jobs can be filled after only five days notice.

North Carolina counties

- An employee attitude survey conducted in FY 2000-2001 in Durham County reflected heightened levels of job satisfaction and organizational commitment.
- According to Durham County HR officials, their efforts have reduced attrition “significantly.”

- Educational incentives are effective at attracting students to the [social work] profession, and at generating a workforce that is more inclined to remain in the social service arena.

City of Phoenix, AZ

- Annual turnover rate has decreased to about 5 percent over the past decade.
- Very few employees express disgruntlement with supervisory practices, career options, or reward systems.
- Managers have used training as a means to improve services, upgrade employee skills, and enhance morale.

Sacramento County, CA

- Turnover, participation in tuition reimbursement programs, expansion in enrollment within the on-site college degree program, and related indicators are used to gauge the reform effort's impact. All preliminary figures reflect a high return on the County's investment in human resources.

South Carolina

- Customer satisfaction is highly positive with state managers believing the “new” personnel office is responsive, flexible, and helpful.

Washington

- Satisfaction level with the new evaluation system is at 97 percent compared to 7 percent approval of the previous performance appraisal process.

Wisconsin

- Between 75 and 85 percent of the feedback from supervisors reflects “high” to “very high” levels of satisfaction with the recruitment and hiring changes that have been implemented since 1992.
- Ongoing customer satisfaction surveys reveal that 95 percent of state agency human resource management directors believe that broadbanding has improved the State's ability to recruit and retain qualified applicants.
- The annual turnover in Information Technology positions dropped from 17 percent to 3 percent after the introduction of Discretionary Compensation Awards and pay flexibilities.

- Alternative dispute resolution process has dramatically trimmed the number of formal grievances.

Conclusion

We believe these strategies, focused specifically on human services, hold promise. We encourage public human service administrators to seek out their HRM counterparts in their own jurisdictions with questions about the application of these practices in their respective jurisdictions: questions such as, “*Are we using this strategy? Is it working well for us in human services? Could we be using it more effectively?*” or, “*What would it take to implement this strategy here?*”

MARICOPA COUNTY, ARIZONA:

Training, Timely Hiring, and Worklife Quality

I. Introduction

Maricopa County, the jurisdiction surrounding the City of Phoenix, has established a commendable record in several areas of human resources management. The County's highly developed training program offers a wide variety of substantive courses to workers in three tiers: Supervisors, Managers, and Executives. In addition, the County has an excellent reputation for "timely hiring" initiatives that expedite the recruitment and placement of new workers. Finally, Maricopa County has invested considerable energy in improving the quality of its workers' lives through various measures, including attitude surveys, a highly developed Employee Assistance Program (EAP), and related programs. The County is making a concerted effort to become a model employer.

II. Factors Leading Up to Reform

Significant changes in the Maricopa County personnel system were prompted more by crisis than any internal pressures for reform. A budget shortfall in the 1990s resulted in a 10 percent Reduction-in-Force (RIF), employee furloughs, and tight fiscal controls on travel and other facets of government operations. As is typical during times of fiscal stress, the organizational development and training department was one of the first casualties. The austere financial climate and the accompanying actions also produced a situation of poor employee morale and high turnover. Furthermore, when hiring could take place, the recruiting systems were slow and cumbersome. As in many cities and counties, Maricopa County required jobs to be posted for several weeks, and mandated numerous levels of approval before a recruitment process could even be initiated. Advertising and candidate screening for jobs could not be initiated until a personnel requisition was received. The Personnel Requisition is still in place as it triggers the recruitment process. However, the signatures required have been minimized. Such procedures extended many candidate searches and adversely affected the County's ability to compete for quality workers in a highly competitive job market.

Two factors led to a turn-around. First, a few members of the organizational development and training staff survived the downsizing efforts that followed the County's fiscal crisis in 1993 and 1994. Some of these individuals ultimately played a key role in altering the attitudes of the county's leadership about the importance of employee development in the performance and retention of civil servants. Second, the political and managerial leadership in the county changed hands. A new County Manager was hired in 1994, and that individual expended considerable effort in making the Board of Supervisors – the County's governing body – aware of needed changes in the management and maintenance of the public labor force. It is important to note that the Board of Supervisors functions much like a “board of directors” in the private sector, and therefore exercises direct supervision over most facets of the HRM system. For this reason, the Board's support and approval were necessary before any of the changes that are documented below could be implemented. The task of “educating” the Board was ameliorated somewhat by the grim situation that prevailed during the mid-1990s: high turnover, poor morale, and unproductive recruitment efforts that resulted in unacceptable vacancy rates in many critical County job categories. Within this context, the County Manager did not need extraordinary powers of persuasion to convince the Board of Supervisors that changes were needed.

III. Management Training Programs

When the training function was restored after the fiscal crisis in the mid-1990s, Maricopa County devoted a good deal of attention and resources to employee development efforts. These expenditures are justified on the assumption that increased levels of training will both improve employee performance and heighten their likelihood of remaining in county government. Through training, the workers enhance their skills and thereby become more competitive for merit increases and promotions. Likewise, the availability of training opportunities provides a concrete symbol that the County values the workers and intends to refine their skills (i.e., training offers both intrinsic and extrinsic rewards to the recipients). Finally, the training budget is centralized; meaning that “charge-backs” to the departments of participating workers are not required (except for the direct purchase of copyrighted materials). Thus, there is no reluctance on the part of individual managers to allow their subordinates to engage in training activities due to the financial impact that it might have on the unit's budget.

■ Tiered Training, Depending Upon Responsibilities

The County maintains a three-level training program for its supervisors and managers: Supervisors' School, Managers' School, and Executive School.

Together these programs comprise what is known as the Maricopa County Management Institute (MCMI). This umbrella-training program is open to all managers and supervisors. The Supervisor School consists of seven days of training that are spread out over a six-week period. The content of the curricula is targeted at both practical skills and *process* objectives that are intended to heighten organizational commitment and cooperation. Topics covered in these programs include a basic orientation to the county (history, structure, mission), relevant policies and procedures, budgetary responsibility, process improvement, situational leadership skills, and performance management techniques. The sessions are also used expressly for managing change, in that the participants are expected to commit themselves to a plan (personal and organizational improvement) before concluding the program. The Supervisor School currently consists of a 56-hour accredited program focusing on leadership development, change management, and strategic alignment. The Managers' School, a three consecutive day programs most concerned with "building integrity and trustworthiness in leadership."³ And, "in recognition of the ever-changing development needs of Maricopa County employees,"⁴ a catalogue of course offerings is continuously updated, revised, and disseminated to the workers. The most recent version of the catalogue contains 291 course offerings. These courses are taught by over 100 adjunct faculty drawn from county government, the private sector, academia, and other sources. The Office of Human Resources rarely provides the actual trainers for these courses; instead, it coordinates and provides professional assistance in the planning and administration of the diverse educational programs.

Learning groups are carefully mixed to foster cross-departmental dialogue, and sometimes the entire Schools are integrated as a means of engendering a collaborative mode of behavior among the various managerial levels. In addition, demonstrating the programs' importance to the County leadership, the County Manager "kicks off" each Manager School with a three-hour presentation emphasizing management philosophy, the significance of the County's role in its citizens' lives, and related themes. Local elected officials occasionally make presentations during the sessions or even attend as observers.

■ Training Coordinators, Flexible Training Programs, and Mentors

As strong proponents of the philosophy that a "strong and consistent training program is essential to keeping agencies on-course"⁵ the OHR employs four training coordinators. These individuals do not typically serve as the instructors of the various Schools, but organize and manage program offerings. In addition to providing career guidance to employees, complemented with targeted classroom instruction, they solicit input from the work groups

³ County Human Resources Management Survey, www.maricopa.gov; page 38.

⁴ *Ibid* at 38.

⁵ Interview with Sue Wybraniec

concerning training priorities, new course offerings, and other services that might enhance the curriculum. Instruction is provided by a variety of practitioners and academics, following a curriculum model that was developed by a former faculty member at Arizona State University. Following the advice of the training coordinators, County departments often provide some training in-house, or hire external instructors through standard procurement procedures. In sum, an extensive “menu” of training opportunities exists: the “Schools” that follow a set curriculum, relevant courses that are offered by the County on a regular basis (the 291 courses included in the catalogue previously mentioned), and specialized offerings that are arranged by individual organizational units for select groups of employees (e.g., an alteration in the state procurement code may require short courses for those few employees who are most affected). One of the training coordinators is also responsible for management of the County’s *mentor program*. This program teams new workers and upwardly mobile employees with an experienced manager for developmental purposes.

IV. Timely Hiring

The OHR works closely with line departments to ensure that the recruitment and hiring process runs smoothly and quickly. The OHR prides itself in producing a list of qualified applicants within two days of the application deadline. Similarly, the personnel analysts who work with specific agencies acquire sufficient familiarity to help them forecast vacancies before they occur and to fashion recruitment strategies for hard-to-fill positions. In sum, the personnel department *partners* with the line managers to expedite the recruitment process. Specifically, the keys to Maricopa County’s expedited approach to recruitment and hiring include the following measures:

■ Abbreviated Application Period

Selected jobs can be filled after only five days notice. Agencies also are empowered to initiate a search in anticipation of an expected vacancy, rather than having to wait until the incumbent actually leaves County employment.

■ Accessible Announcements and Applications

All job notices are announced weekly and disseminated to a wide audience through such means as computer bulletin boards and faxed messages. In addition, all of the required paperwork for most job applications can be completed on-line, thereby saving applicants tremendous amounts of time and energy.

■ Special Targeting of Community-Based Organizations

All relevant public and non-profit organizations – including homeless shelters, welfare offices, and related agencies — receive notices of job openings on Monday of each week; the obvious purpose is to insure that those who are most in need of jobs are quickly informed about their availability.

■ Simplified Certification

Instead of complicated knowledge exams, most candidates are now certified through the use of knowledge, skills, and ability checklists and other means of selection. In addition, instead of restricting the number of candidates who can be interviewed to the top three candidates on the certification roster, managers receive at least five names but are allowed to request the entire pool of qualified applicants.

V. Quality of Worklife Improvements

The County has attempted to improve the quality of the work environment through a series of changes in benefits, incentives, and organizational culture, including:

■ Integrated Employee Assistance Program

Maricopa County's approach to employee assistance is unique. An Office of Employee Programs has been established to house all of the relevant policies and procedures that were once distributed among disparate locations within County government. Thus, programs relating to employee disabilities, workers' compensation, such as the Americans With Disabilities Act and the Family Medical Leave Act are under one roof. As a result of this organization, an ill or injured individual is offered "one-stop shopping" for all of his/her worker employee assistance needs. To further enrich the working environment, the County employs three ergonomics professionals within the Office of Employee Programs. These individuals focus primarily on preventive programs (i.e., increasing job safety, reducing stressful situations). The long-term goal of such programs is not only to improve the working conditions within the organization, but also to reduce rates of employee absences, accidents, or other problems. Such a reduction can have a healthy effect on the budget and improved safety records can lead to reduced insurance and liability costs.

■ Compensation and Classification Reform

Maricopa County moved quickly to implement a broadbanded classification and compensation scheme. The County's previous classification scheme that contained 1250 job classes was replaced with eight broadbands [administrative, technical, support services, professional, physician, supervisory, managerial, and upper management]. In addition, salary determinations have been decentralized to hiring authorities. This process is being supplemented with market analyses of each job category in order to establish a competitive compensation range. Supervisors now enjoy much greater discretion over their subordinates' salaries and job assignments. Additionally, managers are now authorized to make *counteroffers* to employees with outside job opportunities.

■ Employee Satisfaction Surveys as a Basis for Problem-Solving

One of the most useful means by which Maricopa County maintains a competent and relatively content workforce is by regularly taking the workers' "temperature" through an annualized employee satisfaction survey. A special office within OHR – the Office of Research and Reporting – conducts the survey and provides assistance to departments on synthesizing and interpreting the results. Meanwhile, other units within OHR are available to lend assistance when employee feedback reflects a high level of dissatisfaction with some facet of the work environment. For example, if there is widespread concern about the behavior of a particular supervisor, that person will likely be counseled and provided specialized training. Using the results of these annual surveys, the County has implemented a wide array of changes in its procedures and policies. These include:

■ Revised Leave Plan

A simple change in the leave plan was engineered in response to the fact that a majority of the County's workers are young and reasonably healthy. The old system provided two weeks of Annual Leave and two weeks of Sick Leave. Under the new arrangement, the benefit package allows three weeks of Annual Leave and one week of Family Sick Leave. Most of the workforce viewed this minor change in policy as "one additional free week," thereby enhancing morale.

■ Organizational Development Cookbook

When a department receives disturbing data from the employee survey, many managers are at a loss as to what an appropriate response might be.

To bridge this gap, the OHR has prepared on “Organizational Development Cookbook” of interventions and techniques that are applicable to different problem areas. For example, conflict between departments might be addressed through suggested means of mediating the disputes. Managers whose subordinates report an absence of leadership or ambiguity in responsibilities might be led through a goal-setting exercise. In sum, the Office of Human Resources serves as a consultative body to help departments alleviate problem areas.

■ Emotional Commitment Agenda

Maricopa County has implemented several inexpensive measures aimed at making workers feel valued. Employee picnics, the issuance of service pins, revamped monthly newsletters, and the introduction of recognition awards represent a small sample. One of the more ambitious programs is a new policy on “Civic Duty Leave.” Recognizing that government agencies have a special responsibility to promote citizenship, the County promotes voluntarism by providing paid leave for anyone engaged in civic activities. Thus, workers are encouraged to volunteer for any number of charitable or public causes (United Way projects, Habitat for Humanity programs, driving voters to the polls or serving as poll workers, and even activities related to schools and Parent-Teacher organizations.)

■ Targeted Initiatives

Special initiatives have been devised for probation workers and related classes of employees in human services because the field experiences a disproportionate amount of attrition. A tuition reimbursement program (up to \$5000 per year) is used to encourage workers to obtain college or advanced degrees in order to expand the range of services that they are certified to provide. Tuition reimbursements are tied to the grades that the employees receive in their courses: 100 percent for a grade of A, 80 percent for a grade of B, and 60 percent for a grade of C. Flextime, job splitting (for instance, dividing a single position between two workers), and extensive telecommuting are common in some fields (adult probation is the most popular).

The Workforce Development Center also arose as a result of employee recommendations. This new office, which is part of the Human Resources program, contributes to the County’s recruitment efforts while also serving the needs of chronically underprivileged residents. The Center is designed to integrate services for individuals who are preparing to re-enter the workforce after long absences, or who are attempting to become self-sufficient after years of dependency. Impaired and/or chronically unemployed

individuals are trained in the use of computers, provided assistance with the development of resumes, coached on how to behave during job interviews, and provided family counseling when appropriate. Some of these workers ultimately are placed in County jobs, while others are helped to locate employment in the private and non-profit sectors.

VI. How the Reforms Were Achieved

The changes in Maricopa County were primarily achieved through a leadership change. First, a new County Manager was hired in 1994. This was followed by a house cleaning in the personnel department. The county employment crisis described earlier gave support for the change initiated by the new leadership. Probably the most compelling reason why training receives an unusual amount of emphasis within county government is the current leadership in the Office of Human Resources. The OHR director was the former head of the Organizational Development and Management Training Office for the County and brings a wealth of organizational development experience and knowledge to her position.

Another key element in achieving reform was the support of the County's political leadership. They provided the appropriate needed resources to enable the new public officials to fashion meaningful change.

Due to the highly centralized nature of political authority under the Board of Supervisors, each of the human resource management initiatives that have occurred since 1994 had to pass "political muster." For the most part, their approval was gained because the problems before them were so pronounced and undeniable. For example, at the time that the broadbanding reform was adopted (1997), the attrition rate throughout Maricopa County averaged 20 percent and was worsening. This fact was bolstered by data provided by the OHR which proved that salaries were not competitive, and that rigid job classifications were "a significant part of the problem".⁶ At the time of his hiring, the County Manager had been assured that he would enjoy the cooperation of the elected officials if he could pinpoint "solutions" to the serious staffing dilemmas confronting the County. After carefully documenting the dimensions of the problem – i.e., by demonstrating that the existing personnel system was flawed and ineffective – he generated political support for change. Since that time, the County Manager is said to benefit from "a close working relationship with the Board of Supervisors."⁷ In the absence of this positive synergy between the chief executive and his political superiors, none of the documented reforms would have been possible. As an update to this story, it is worthwhile to note that *Governing Magazine* named the County Manager

⁶ County Human Resources Management Survey, www.maricopa.gov; page 12.

⁷ Official in Maricopa County OHR, telephone interview.

Public Official of the Year in November 2001.

VII. Results and Lessons

The Maricopa County experience reinforces lessons that have been learned elsewhere and which are found throughout human resource management literature. *Flexibility, decentralization, broadbanding, and delegation of decision-making authority to line managers* once again appear to be the elementary components of reform. Likewise, the OHR's approach to its functions is that of providing services rather than attempting to control the personnel process and monitor compliance with rules and regulations. Forming partnerships with line departments to expedite recruitment, and helping supervisors to address problem areas through organizational development strategies, represent "cutting edge" interpretations of what the personnel function's role *ought to be*. These characteristics are central to the County's success story. The County has reduced its overall turnover by over 33 percent in recent years, and by 50 percent in some of the high-need targeted job categories. Moreover, employee attitude surveys consistently reflect much improved sentiments among the County labor force. Other measures of success include continuing expansions in the number of employees taking advantage of tuition reimbursement and training opportunities, a 25 percent reduction in employee grievances, and generally positive feedback from exit interviews. Eighty percent of all separating employees have been interviewed during the past few years, and the majority do not pinpoint HRM problems as the underlying cause of their departures. Dissatisfaction with salaries and fringe benefits has greatly subsided as reasons for turnover. Moreover, the altered leave plan has been credited with reducing abuse of sick leave. And, more remarkably, in spite of a dramatically increasing national trend toward Family and Medical Leave Act litigation, Maricopa County has not litigated any claim under the Family and Medical Leave Act since the adoption of the new leave policy.⁸

Human resource management in Maricopa County provides a few stand-alone lessons that bear repeating.

■ Investment in training requires commitment

A strong commitment to the training and development function yields many benefits, although most are difficult to measure "empirically". Given the fact that public agencies are notoriously inept at funding and providing training (they devote less than 1 percent of their budgets to training and development, compared to 5-6 percent in the private sector), Maricopa

⁸ County Human Resources Management Survey. www.maricopa.gov; page 19

County truly stands out. For an investment of about 2 percent of its human resources budget (\$7.4 million in FY 2002), the County provides an impressive array of educational opportunities that are directly related to enhancing the skill levels of the labor force. Linking this expenditure to positive outcomes is a difficult enterprise, unless one merely focuses on participation levels and the number of hours of training that have been “delivered.” By these measures, there has been an exponential increase in worker participation over the past five years. Anecdotal evidence is also plentiful, in that every manager who was interviewed in Maricopa County proudly cites the elaborate training opportunities as a major contributor to worker pride in the employer, job satisfaction, and reduced turnover. But, like all other “intrinsic” factors that influence worker behavior, training does not easily lend itself to concrete indicators of effectiveness. This fact may soon become problematic in the face of the national economic downturn that is now threatening to deal a serious blow to the Maricopa County budget. According to recent contacts with county managers, “training will have to be justified now more than ever.”⁹

■ **When a jurisdiction internalizes the notion that workers are critically important assets, then it is likely to treat them well.**

Making workers feel valued and respected is a worthy goal, one that is probably so self-evident that it is often ignored. The various measures that are intended to promote this objective – mentoring programs, attitude surveys, emotional commitment initiatives, the emphasis on employee assistance and training – do not constitute a cohesive whole yet do demonstrate a high-level commitment to the organization’s workers.

■ **Targeting recruitment efforts at high-need populations is worth a closer look.**

By providing special avenues for the poor and unemployed to access county jobs, the jurisdiction is providing a valuable public service both to itself and the community at large. Simplified application procedures, rapid turnaround, consistent notification by many forms of communication, and a non-intimidating recruitment process encourage applications from groups that are often turned off by the “red tape” of government. The County has no way to track the fruits of these efforts systematically, but there is a general sense among the responding managers that the County’s focus on recruiting the underprivileged has paid off in several ways. In addition to the obvious advantages that accrue to any employer that

⁹ Patty Duncan, Maricopa County OHR, telephone interview.

exhibits a social conscience (especially a public employer), anecdotal feedback from the targeted communities has been highly positive. That is, the County has received much local recognition within the not-for-profit sector for its efforts, and many of these communications (press stories, letters to the editor) provide accounts of individuals who have found employment through the special recruitment programs. These are no-cost (or very low-cost) means of promoting an agenda that is shared by most of the public: filling jobs quickly, effectively, and equitably.

NORTH CAROLINA: County Departments of Social Services--Strategies for Recruitment and Retention

I. Introduction

North Carolina is one of about a dozen states in which social services are delivered by county governments under general state supervision. As such, the State's human service system is relatively decentralized. Despite this fact, a great deal of energy has been invested in trying to coordinate the counties' responses to intractable human resource management dilemmas. By far the most pressing problem in North Carolina is employee turnover, coupled with difficulties in recruiting and (obviously) retaining workers once they have been located and trained. Therefore, a large percentage of the counties' human resource management reforms are focused on improving staff morale, cultivating prospective employees, and addressing points of job dissatisfaction that contribute to turnover. The human resource management initiatives in the counties have been aided by an active Association of County Department of Social Service Directors, as well as technical assistance delivered through the University of North Carolina and other public universities.

Different counties have crafted unique responses to their staffing crises, but these can be roughly grouped according to two broad approaches to reform. First, measures focusing on "Celebrating the Staff" are intended to enrich the employees' workplace experiences, to convey a sense of community, and to provide an array of incentives. These steps include not only the obvious measures – such as salary enhancements – but also more systematic efforts to reduce paperwork burdens, give greater attention to *prevention* rather than treatment, and to improve the employees' working conditions. Second, the State is a leader in "Growing Its Own" child welfare employees through internships and the Child Welfare Education Collaborative, a program that pays the college tuition costs of students moving into high-need job categories.

II. Factors Leading Up to Reform

Many of the e initiatives discussed in this profile arose in the Durham County Department of Social Services (DSS.) Durham County, like so many of its counterparts throughout the State, has long been characterized by exceedingly high employee turnover, low salaries, burdensome caseloads, and depressing working conditions. Aggregate turnover has approached nearly

50 percent annually, while in some job categories (child-protective services) the attrition rate once exceeded 100 percent (a condition that still exists in some North Carolina counties). The conditions statewide are similar, as documented through figures provided by the North Carolina Association of County DSS Directors. Furthermore, the candidate pool has been limited. In fiscal year 2000, for example, 54 percent of the new hires did not meet state-mandated education and/or experience requirements. Jobs have remained vacant an average of three months, and the replacement workers are typically unable to assume a full workload until four months after their arrival. Incumbent workers must assume responsibility for higher caseloads while workers are recruited and trained because the clients don't simply disappear during these periods of under-staffing. Already overburdened by unrealistic job demands, this situation further stresses the staff and contributes to additional burnout.

Durham County has a very diverse socio-economic profile. It has long contained one of the worst pockets of poverty in the State despite being home to Duke University. Compared to surrounding counties in the "Research Triangle," Durham County's population is overwhelmingly poor and minority in composition. With a large immigrant population (primarily Hispanic), and an indigenous workforce that suffers from atypically high levels of unemployment, the demands for services in the county are especially acute.

Turnover of DSS staff is a chronic problem statewide, and has led to a number of studies and initiatives aimed at identifying problems and generating solutions. One 1996 statewide study concluded that staff turnover was caused by "inadequate pay, tough working conditions, lack of recognition for a job well done, chronic stress, emotional exhaustion, and overwork." Using the conclusions of this analysis as a point of departure, Durham County conducted its own employee satisfaction survey in 1999. Results of the survey showed that Durham County employees reflect the same sentiments that had been reported in 1996 – pay is an important disincentive, but *human factors* are equally important. The reforms that are now being implemented arise in large part from the findings of that survey. Durham County has focused on *retaining* staff rather than facing the more difficult dilemma of recruitment. Management is investing its energy and resources in trying to improve working conditions and meeting the fundamental needs of its workers. The Assistant Director for Child Protective Services, expressed this goal in terms of "celebrating the staff" – making them feel valued, important, and part of a collective effort.

The survey of DSS offices concluded that the *inability to balance work and family* is the most prevalent complaint among social workers, but paperwork requirements, burnout, and on-call obligations, and depressing working

conditions all surfaced as being relevant to attrition. Such data suggest that child welfare work is similar to some other highly demanding professions. In some way, it is a “calling” for which only a small percentage of the workforce is suited. Partly in recognition of this fact, many North Carolina have elected to identify potential candidates for these demanding jobs very early in their academic careers, to cultivate their interests, and to thereby “grow their own.”

III. “Celebrating the Staff:” Low Cost Measures to Improve Employee Morale

The employee motivation literature leaves emphasizes that workers respond as much (or even more) to “being valued” as to pay, benefits, and working conditions. Under the assumption that every manager – even those in highly stressful settings with few financial assets – can influence worker attitudes, the strategies of Durham County and others offer low cost responses to high-cost problems (turnover and bad morale.) Among the strategies employed in the County are:

■ Worker Appreciation Programs

Worker appreciation includes systematic efforts to provide employees with small gifts on special occasions (e.g., chocolate hearts on Valentine’s Day), to celebrate (with parties) birthdays and other events, and to make managers accessible through a “management by walking around” philosophy. In a related effort, each Section (department) schedules a formal retreat on a quarterly basis in order to recognize workers and share experiences. All programs are provided with \$1500 to be used for cash bonuses for deserving workers. Other means of recognizing staff, such as special dinner coupons and other inexpensive gifts, are a routine part of the work pattern.

■ Worker Empowerment

Consistent with the reinvention theme in Public Administration, there are several opportunities to involve employees in decision-making and to create mechanisms that enable them to participate. One example is the HOPE Committee (Helping Ourselves to Persevere and Empower.) This committee is an employee-centered effort to identify problems, recommend solutions to management, and to sponsor morale-building programs. The committee has organized time management training sessions, sponsored friendly competitions among programs, and formulated a number of specific procedural recommendations concerning case assignments. These efforts

are supplemented with the frequent use of e-mail to solicit employee input and/or to share information, the distribution of agency newsletters, the use of employee committees to address special problem areas (e.g., flextime), and the appointment of a Personnel Advisory Committee that meets with management quarterly to communicate such things as ideas, problems, and other topics. Durham County DSS even sponsors its own choir, and regularly schedules staff picnics and similar social events.

In other counties in the State, the centerpiece of some efforts is to empower workers and lower their stress levels is a system of staff meetings in which the difficult decisions (child placement and removal, etc.) are *shared*. All *professionals* who might be relevant (or helpful) to a decision assembles to discuss problems, air ideas, and receive advice. If the situation being discussed is particularly problematic, the meeting will include representatives from the legal affairs office, police, and whichever other agencies might potentially be involved.

■ Reducing Workload and Job Tensions

Management has been particularly aggressive at trying to reduce the stress levels in the child welfare area where about 82 percent of the County's turnover occurs. In addition, "excessive workload" is the number one complaint of these workers. The effort has been two fold. First, the County received authorization from the state to raise salaries above standard minimums, and to reallocate staff resources where needed. This approach to "delegated authority" for some HRM decisions is possible within the highly centralized North Carolina personnel system, but must be sought and approved on an individual – county by county and job class by job class – basis. Thanks to obtaining an unusually expansive amount of delegated authority, Durham County exercises more discretion over salary and job classifications than most other counties. Using this discretion, some Social Worker I positions were created out of vacant Social Worker III slots. Candidates for the Social Worker III classification require a Master's degree in Social Work. However, since there were no available qualified candidates, the slots could be more effectively used to hire lesser-qualified staff for positions with fewer responsibility and skill needs. This reallocation allowed the County to offload many of the "support" (paperwork and bureaucratic requirements) activities onto Social Worker Is. This freed the caseworkers (Social Worker IIIs) to concentrate on their clients and effectively reduces their workloads. Secondly, the County created an internal trainer position to expedite the transition of new workers into "the field." The quicker that new hires can assume a full caseload, the less strain is felt by those caseworkers that are already handling more than the expected number of case files.

■ Improving Supervisory Salaries and Practices

In the absence of thoughtful and effective supervisors, none of the above programs is likely to have the intended effect. As noted by the former Executive Director of the Association of County DSS Directors), “workers don’t leave agencies, they leave *supervisors*.” Thus, the County has moved to elevate the salaries of supervisors. In addition, almost all supervisors have been promoted from within¹⁰ and a concerted effort is made to train and mentor new supervisors. According to the social service managers who were interviewed during the site visit only workers who have internalized the “team spirit” and culture of “managerial support for the staff” are identified for supervisory appointments. In this way, the concept of “celebrating the staff” is perpetuated.

■ Frontline Safety and Partnering with Law Enforcement

In some counties, a program was created in response to the fact that safety is a major concern of many caseworkers, and that workers trained in the human services are not well equipped to conduct many types of investigations. By entering into a partnership with local police agencies, DSS workers forge work arrangements that provide greater measures of safety (police are not only on hand during highly tense situations, but take the lead in entering hostile environments), better management of forensic evidence, and reduced paperwork and stress (at least for the caseworkers.) In other counties, each worker is provided with a hand-held radio, cell phone, and (where warranted) police backup.

■ Opportunities to Focus on Prevention

Social worker frustration over the inability to engage in preventive activities is being ameliorated in a three-county pilot program funded through the Temporary Assistance for Needy Families program. The intent of this program is to address family needs in a more comprehensive fashion than is typically attempted. Families that enter the child welfare system are provided with a holistic assessment, including family group conferences, professional consultation with relevant therapists, and a family-driven response to the situation.

This initiative exemplifies a broader agenda to better integrate the child welfare bureaucracy into the entire human service umbrella. The intent is to bring as many resources as feasible to bear on a case once it has been identified. Other steps include simple ones such as an “open house” for all human services and allied personnel are being taken. By providing opportunities for interaction and collaboration, it is hoped that cooperation will

¹⁰ This is a process that is widely viewed as preferable to external recruitment because it encourages motivation and provides a “known quantity.”

“break out” among diverse elements of the human services community. Similarly, “poverty simulations” are conducted to remind the staff of the realities in which their clients live (and perhaps to better appreciate the complexity of the enterprise in which social workers are engaged.)

■ Addressing the On-Call Dilemma

In order to address the on-call problem that plagues most county DSS offices, some locations follow a permissive policy. Only investigative and treatment staff are subject to on-call assignments, and their participation is voluntary. In order to encourage volunteers, on-call workers receive compensation for their time (they are paid 20 percent of their normal hourly wage for being on-call). On-call obligations are rotated, and workers are permitted to trade days back and forth depending upon their personal plans. Through these measures, worker morale has been boosted and the stresses of the job have been alleviated for those workers who found on-call duty most objectionable.

■ Paid Educational Leave

Perhaps the most surprising program in effect within at least one location (Johnston County) is its system of paid educational leave. Employees are permitted *paid leave* to pursue graduate degrees. In exchange for full pay while they are gone, they are required to agree to come back to the County for two years for each year that they are absent. This policy is a variation on the “grow your own” theme, and reportedly has many positive impacts. In addition to enhancing morale, the employees who are enrolled in school serve as recruitment vehicles for additional human services workers. According to the Johnston County DSS Director, most of the County’s new workers arrive as either interns or as referrals from employees on education release.

IV. Home Grown Child Welfare Workers

Other efforts to enhance the candidate pool and retain competent staff include an extensive educational collaboration and various retention strategies.

A. The Child Welfare Education Collaborative

The Child Welfare Education Collaborative is based on several strongly-held beliefs about child welfare workers: 1) the profession is essentially a “calling” for which only a small percentage of the workforce is suited; 2) that individuals who engage in child welfare activities either burn out quickly

or stay in the field for a long period of time (the threshold seems to be three years – those who “last” three years are likely to make a long-term commitment); and 3) the best way to staff these positions is to identify job candidates early and nurture them early in their careers.

Consistent with these themes, the Collaborative is a joint arrangement among the accredited Social Work programs in the state’s public universities and the DSS agencies. Large stipends (\$15,000/year) are awarded to students who intend to pursue careers in child welfare. In exchange, the students agree to stay in the field of child welfare for at least the number of years that they receive funding for their education. Federal money through the Temporary Assistance for Needy Families Act (TANF) and the child welfare program funding known as “IVE” is used to fund the program, along with the required state matching funds. In order to expedite the graduates’ transition into the front lines, the universities have altered their curricula to encompass the “core competencies” that a social worker must have in order to work “in the field.” The program has proven to be so successful that an effort is now underway to expand it to the Bachelor’s degree level (it now applies only to the Master’s level).

B. Related Recruitment and Retention Efforts

Although the Collaborative is undoubtedly the State’s most sophisticated program aimed to staff social services agencies for the long term, several other strategies are used to attract and retain new workers.

- **Signing bonuses** of \$2000 or more are granted to workers accepting high-demand jobs.
- **Longevity pay** is used to encourage workers to prolong their careers in social services. Typically, those who stay five years are rewarded with large salary adjustments, thereby rewarding “loyalty.”
- **Internships to “Get Workers Early”** As exemplified by a program in Johnston County, workers who are well suited for careers in social services need to be identified early in their lives and introduced into the work environment quickly but gently. According to administrators in the field, the most critical challenge is finding workers who will be a “good fit.” Instead of using a standard set of recruitment and testing methodologies, an excellent approach is to use student internships as a means of attracting, culling, and selecting future caseworkers. Through simple arrangements with nearby colleges and universities, interns are hired (for about \$6-\$7/hour) into pre-vocational appointments. Most are placed in high-need areas – child welfare and investigations – and are therefore

very familiar with the trials and tribulations of the job before graduation. Upon graduation, these individuals represent a trained and pre-selected pool of candidates from which to draw.

- **Graduated Salary Enhancements**

Recognizing that an apprenticeship alone will not ensure job stability, a few counties have established a *graduated bonus system* for workers in both child welfare and investigations. For each year that a worker remains in one of those departments, his/her salary is increased by 5 percent (up to a total of 20 percent). This differential appears to be sufficient to satisfy most workers, and helps the jurisdiction to compete with nearby Wake County (Raleigh) where salaries tend to be higher.

V. How the Reforms were Achieved

Given the diversity of North Carolina's counties, it is difficult to generalize about reform in any particular location. North Carolina's personnel system is one of the most traditional remaining in the United States. It is a highly centralized operation with an extensive array of procedural requirements. Most of the important staffing decisions are made in the state capital, meaning that local flexibility and responsiveness are often lacking. The counties are highly dependent upon the state government for job classifications, salary and benefit ranges, and other "services." This situation has frustrated some county attempts to reform human resource management, but innovation persists nonetheless.

Another structural factor that warrants attention is the immense diversity that exists between and among the State's 100 counties. North Carolina contains some of the most highly urbanized counties on the Atlantic Coast¹¹ but also contains at least ten counties with populations of 5,000 or less. This situation raises obvious questions about the *capacity* of government to provide a reasonable level of services when the responsible agencies have not reached a sufficient "critical mass." Mere differences in size and scale mean that some populations are served by highly articulated human services staffs, while other clients may be under the supervision of a social service agency that employs only one or two "general purpose" caseworkers. In addition to affecting the types and qualities of services that are rendered, these disparities clearly influence the part of the overall picture.

In summary, reform has occurred through:

- **Crisis-level conditions.** North Carolina's counties appear to have no choice but to innovate, or their social service positions will become and remain vacant.

¹¹ For example Wake County includes Raleigh; Durham County includes Durham and Chapel Hill; and Mecklenberg County includes Charlotte.

- **Enlightened leadership.** The “model” counties all have DSS directors or other officials who emphasize personnel system change and use their influence to leverage support with external and internal actors. Additionally, the state bureaucracy has been sufficiently informed about the plight of county DSS offices that special dispensations have been engineered. Counties can ask for and receive delegated authority that permits them a much higher level of HRM discretion than would otherwise be the case. In all probability, the fact that the State’s DSS directors are so well organized – with regular meetings, an administrative infrastructure, and lobbying arm – contributes to their success.

VI. Results and Lessons

Each of the reforms implemented in different counties in North Carolina has achieved the intended goals. An employee attitude survey conducted in FY 2000-2001 in Durham County, for instance, reflect heightened levels of job satisfaction and organizational commitment. More important, perhaps, turnover problems have eased (although it persists as a concern.) According to HR officials in Durham County, their efforts have reduced attrition “significantly,” but no data were immediately available to elaborate on this point. The critical importance of feeling as if they are valued cannot be underestimated for any work group, but is especially critical among employees who confront the challenges and limitations of human services. And, notably, most of the initiatives employed in Durham County (and elsewhere) are very low cost. One critical precursor to this type of program is buy-in from upper management, and the presence of leaders who exhibit the appropriate value structure. Simply stated, workers must truly be perceived as *resources*, not as mere expenses.

The Child Welfare Education Collaborative (CWEC) is a model for states that are willing to make a significant financial commitment. According to the Jordan Institute at the University of North Carolina, the educational incentives are effective at attracting students to the profession, and at generating a workforce that is more inclined to remain in the social service arena. Turnover is highest among new workers, whereas those who remain past a certain threshold (usually three years) have much greater staying power. By design, both the CWEC and the educational incentives used in such places as Johnston County lock employees in for an extended commitment. Although \$15,000 tuition grants may appear to be an extravagant means of staffing organizations, they can probably be justified both organizationally and economically. Given the costs of turnover,

training, recruitment, and related factors (e.g., poor service delivery, low morale,) this type of staffing program is probably a major cost-saver.

In summary, a number of North Carolina's human services agencies appear to be making the best of a very difficult situation. Many of the measures that have been adopted are easily transportable to other settings (e.g., modes of decision-making, positive reinforcement of staff, internship programs). The "grow your own" approach is clearly an effective way of circumventing many of the impediments to staffing human services agencies. But, as the North Carolina officials clearly recognize, staff recruitment and retention require a *holistic* management approach of incentives, systemic reforms, human resource management innovations, and supervisory practices. Any of the measures that have been mentioned might be helpful in isolation, but jurisdictions looking for "answers" would be best served by examining the entire package of North Carolina programs.

CITY OF PHOENIX, ARIZONA: Serving Citizens Better Through Investing in Employee Training

I. Introduction

The February 2000 edition of *Governing Magazine* called the City of Phoenix “America’s Best Managed City” in recognition of several programs and strategies. The City manages one of the most professional internship programs in the nation, and is a recognized leader in training, *seamless service strategies*, and progressive employment policies. The central thrust of these programs is to ensure that government’s “customers” receive quick and reliable responses to their needs without having to beat the bureaucratic bushes. Particularly notable are the extensive training opportunities that are available to City workers, and on that training's link to service delivery.

II. Factors Leading Up to Reform

The City of Phoenix’s human resource management innovations are notable because they have been accomplished within a very traditional human resource management system rather than being pieces of a larger overall transformation of the system. The traditional nature of the personnel system is characterized by over 2,000 individual job classifications for a workforce of about 13,000. Given this ratio, many job categories are likely to contain only one or two workers. In fact, City statistics reveal that 60 percent of the job classes contain fewer than five workers. Such a classification scheme impedes supervisor efforts to reward and reassign workers according to their performance, talents, and wishes. In addition, the City’s attrition problem is increasing, and its recruitment efforts are not producing sufficient applicants (especially in the areas of public safety, information technology, and engineering).

Many of the measures that Personnel Department officials have implemented are intended to reduce some of the problems caused by the rigid classification system. For example, the City is moving to “cluster recruitment” in which one test is used to screen applicants for a significant number of job classifications. Likewise, two special committees — a Process Improvement Team and a Personnel Action and Change Team – have been created to identify better ways of recruiting and retaining workers. Some of the

initiatives that they proposed included walk-in testing, full list certification (rather than a rule of three or five), and on-the-spot hiring for engineers.

It is in the areas of training and employee development, however, that Phoenix clearly excels. Within the constraints of the classification system, it is a means to refine workers' skills, reduce attrition, and provide the citizens with a high level of service.

III. Creating a Responsive and Competent Workforce Through Training and Professional Development

Thanks in large part to highly articulated training programs for public employees, the typical resident of Phoenix probably receives as effective a level of service as can be found anywhere in the United States. As previously noted, objective critics such as *Governing Magazine* support this claim. The City government's commitment to providing "seamless service" is a major reason for this impressive level of service delivery. A fundamental city principle is that no citizen should be transferred from office to office (or telephone to telephone) while trying to resolve a problem or take care of an obligation (such as paying taxes, acquiring a business license, or registering a complaint about an abandoned vehicle). The City provides "one-stop shopping" at every entry point. To ensure a workforce that is committed to this principle and has the knowledge and skills to put it into daily practice, the City has invested heavily in training and in making sure the training is effective. For employees who deal directly with the citizenry, there is a customer service training program that thoroughly schools the staff in the city's values and business. The City has also developed an impressive catalogue of courses intended to enhance employee abilities to do their jobs more effectively. These programs include language programs, supervisory skills, and project management. All programs are constantly evaluated with an eye toward improvement.

■ Customer Service Training

The customer service training is designed to have multiple phases. Phase I is being implemented and the City is currently working on Phase II. The first phase of an employee's preparation focuses on outside customers and teaches workers how to "get the citizen to the right place" to obtain a solution to their problem. Phase Two is intended to familiarize employees with all the intricacies of city government, including "what problems go where" but also emphasizing interdepartmental cooperation and communication. A future phase will give employees with a sense of the City's culture and mission,

and to empower them to deal with most problem situations that arise. The objective is to make them comfortable in the decision-making situation so that they are willing to “decide” rather than be tempted to “pass the buck.”

This training is provided in both classroom and on-the-job settings, and involves the input of co-workers, supervisors, and (potentially) mentors. Content relating to the City’s organization and culture is formal (classroom-based) in nature, whereas much of the instruction dealing with the problem solving and service delivery combines classroom and on-the-job experiences. The absolute amount of training that is required varies significantly by job category. Relatively extensive training programs are necessary for first-line workers who staff intake functions (e.g., those who answer the “information” phone number for departments with large client groups). These workers generally receive several days of orientation about customer service functions, and then are gradually introduced to the workplace with close supervision. Conversely, employees who do not often interact with members of the public – or those whose contact is more specific and problem-oriented – require far less extensive preparation in a formal training context. These training programs are supplemented with informational brochures that are distributed to the citizens and which summarize the City’s services, its organization, and the appropriate offices to contact for various types of needs. In sum, the City educates both its workforce and its citizens simultaneously, thereby creating a more transparent and symbiotic approach to governance.

■ Competency Training

In addition to making sure that employees are knowledgeable about city operations, the City’s training function also concentrates on offering the training that will increase or enhance employee skills. For example, the need to be bilingual is so pronounced that the City conducts a six-level language course for employees, including a total-immersion component held in Mexico. Another example is the focus on supervisory and management skill development. Supervisors are exposed to a wide range of training opportunities in a supervisory academy. Core classes in the program address such topics as coaching, disciplining, performance appraisal, diversity hiring, and organizational culture. The City also has a management academy for higher level managers. The topics discussed in that program include higher-level subjects, such as change management, emotional intelligence, diversity, responding to the media, and maneuvering within the political environment. The training program that has attracted the most national attention is the City’s “catalog of classes” covering almost any

conceivable topic (computer technology, career management, pre-supervisory skills, etc.). This set of over 150 courses is supplemented with the mandated attendance at a few special courses (ethics, civil treatment, and the seamless service program). Finally, departments are authorized to customize their own training offerings for special groups, usually an entire workgroup that progresses through a sequence of courses as a unit.

■ Training Evaluation

In order to evaluate this huge investment in training and employee development, the City uses a combination of both standard and innovative assessment strategies. First, pre and post tests at the beginning and end of the supervisory classes measures the actual amount of content learned. Second, the supervisors of those who have received instruction may be invited to participate in focus groups to 1) determine if behavior and/or performance have been affected; 2) identify future training objectives; and 3) evaluate the impact of existing offerings. Finally, all participants are surveyed during the months *after* they have been trained to determine to what degree they are applying the information learned in class. This effort reflects the highest level of commitment to employee development and is unique within the public sector.

IV. How the Reforms Were Achieved

A major contribution to the City of Phoenix's impressive investments in seamless service delivery and employee development is the leadership of the City Manager. Although the City had always considered itself to be a "good government" model, most of these training initiatives have occurred since his appointment in 1991. According to city human resource management officials, the City Manager's commitment to maintaining the City government's established "culture of involving citizens and workers" is profound. This commitment is illustrated by his aggressive advocacy for programs aimed at developing workers and improving their ability to provide services in an effective and efficient manner. As expressed by one high-level manager in the City's Personnel Department, "Phoenix has always tried to be ahead of the curve, and [the City Manager's] success has been a natural outgrowth of that attitude."

Initiating the training programs was entirely within the City's executive authority. No legislative effort was required. In addition, the training programs have been self-sustaining. The City Council has not been required to provide additional funding for most of the programs. Instead, training

efforts are funded largely through departmental resources and charge-backs. Although the Council does provide new funding for an occasional “special initiative,” the bulk of the expense related to Phoenix’s employee training is borne by Department heads who are hired by the City Manager rather than appointed by the Council. This kind of authority is not unusual within a Council-Manager form of government. Typically, the City Manager is empowered to make almost all of these types of decisions without obtaining special legislative authorization. As already noted, a critical element of maintaining the training programs is the evaluation component that strives to continually improve training and keep it relevant to the needs of employees and managers alike.

However, the ability of the City to maintain such an extensive investment in training may be severely strained in response to the budget crisis that appears to be building as the U. S. economy takes its first serious downturn in ten years. The real test of Phoenix’s commitment to training will probably come in the next fiscal year, when department heads may not have as many resources to devote to the training and employee development functions.

V. Results and Lessons

The City of Phoenix has found that a well designed, executed, and evaluated employee training and development function has multiple “pay-offs.” The City gains a relatively loyal, content, and well-prepared workforce, while the employees’ jobs are enriched and they are better able to deliver services effectively. Seamless service delivery, meanwhile, allows the jurisdiction to avoid redundancy, duplication of services, and other expensive mistakes. Stated simply, employee time is not wasted answering the same question repeatedly, or routing telephone calls to the appropriate office. Citizen satisfaction is improved, while staff time is preserved for real “work” rather than administrative minutiae. The City invests considerable energy in surveying clients at their points of contact with service providers, and the results consistently demonstrate a high level of public contentment. Moreover, the workforce appears to have also benefited from these programs. Other attitude surveys are conducted on a two year cycle, with the citizens being surveyed every other year and employees surveyed on the “off” (staggered) years. Over the past decade, turnover in most City departments has hovered around 5 percent, a figure that is extraordinarily low for government agencies during periods of economic prosperity. The “state of the workforce” is very positive as illustrated by large majorities of employees who consider the City to be “a good place to work.” Very few employees express disgruntlement with supervisory practices, career options, or reward systems.

The City's example provides several lessons.

- Effective practices can be adopted within what is viewed as a very traditional and, perhaps, rigid civil service system. Managers have used training as a means to improve services, upgrade employee skills, and enhance morale. Although certainly not a cure-all, this approach maximizes the personnel system's advantages while seeking to downplay its most ineffective components
- The linkage of training objectives to service delivery is an obvious (yet virtually overlooked) approach that highlights just one of the many benefits that can accrue to an organization that is committed to enriching its human resources. Whenever training and employee development are evaluated according to their costs and benefits, research proves that training dollars are very well spent.
- One of the chief enemies of the training budget is the sense that such activities are a frill that has no direct payoff in performance or efficiency. By investing so heavily in the assessment of training's impact and to tailor responses to service-delivery concerns, Phoenix has been able to legitimize and justify the costs associated with its extensive array of training opportunities. Consequently, a "win/win" relationship has developed.

SACRAMENTO COUNTY, CALIFORNIA: A Methodical Approach to Identifying and Implementing Reforms

I. Introduction

Sacramento County, California is a recognized leader in managerial reform. One important contributor to its reputation for administrative excellence is the fact that its change efforts are routinely based upon very thorough and thoughtful analyses of its problems and potential solutions. Within the recent past the County has been engaged in an independent analysis of human resource management Best Practices in both the public and private sectors in order to define the direction of its own personnel system reforms. The process Sacramento County has employed offers important lessons about the strategies for pursuing a reform agenda. The County's approach to human resource management reform provides a valuable example of how government agencies can marshal resources in a unified and focused manner. Led by a clear vision of what type of workforce they wish to create, the managers developed a multi-faceted reform agenda through careful study, collaborative discussion, and a proactive research program.

II. Factors Leading Up to Reform

The factors that have prompted Sacramento County to search for human resource management Best Practices are complex, but at its core is a manpower crisis. In the summer of 2000, out of a total workforce of 14,300 employees, there were over 2,300 vacant positions in County government. Notably, this vacancy rate (16 percent) grew worse in 2000 due to growth in the size of county government (1,225 positions were added in FY 99-00) and continued attrition of the workforce. The vacancy count increased from 1,700 (which was 13 percent of the workforce at the time) to 2,300. The County was attempting to add new positions at the same time that it was hemorrhaging workers from its incumbent employee population. In short, the problems facing the County were so severe that they could not be ignored. Change had to be fostered, or else catastrophe was waiting around the corner.

The conditions that produced such a stressful human resource situation originated in 1978 with the famous Jarvis-Gann Initiative, otherwise known as "Proposition 13." Externally imposed limitations on taxes and expenditures

institutionalized a de facto policy of “balancing the budget on the backs of the workforce.” Faced with an intractable financial dilemma, public managers throughout California increasingly (a) focused their energies on the budget situation to the detriment of service delivery, and (b) gradually permitted working conditions and the salaries to fall below competitive levels compared to the private sector.

In 1996/97, a new Sacramento County Executive exacerbated the situation by announcing his intentions to bring the County out of its budget crisis by reducing entry level pay. Entry pay for new workers was reduced by 15 percent across-the-board. The new County Executive also alienated some employees by referring to the County’s future workforce as consisting of one-third permanent workers, one-third temporary, and one-third contract (privatized). To place this plan in context, it is important to note that the typical public agency’s workforce consists of about 75 percent to 85 percent full-time workers. Any reduction in this figure could mean reduced job security for all employees and a serious reduction in the number of workers who are eligible for union membership. The presumed savings gained from such a move are attributable to the fact that temporary workers do not generally receive fringe benefits, they can be terminated at will, they often receive lower salaries for performing the same work as permanent employees, and they lack grievance rights. Although there were some short-term savings, employee morale plummeted, workloads grew, turnover increased, and the public employees’ union initiated legal action.

The ultimate catalyst for change occurred in 1999, when the County settled a major lawsuit that challenged the use of temporary workers. In addition, a new County Executive, hired at the end of 1999, immediately sought to restore some of the employee trust and morale that had been sacrificed by his predecessor. One of his first responses was to initiate an employee attitude survey. The results were predictable, in that the survey reflected egregiously low motivation and morale among the labor force. To counter the recruitment and retention crisis, along with many other worker-related difficulties, the County Executive enlisted the assistance of the Human Resources Agency.

III. The Reform Process: A Model for Engineering Change

The Sacramento County Human Resources Agency (HRA) built a reform process using several important building blocks including organizational development techniques, quantitative data collection and analysis, vision development, a special dedicated research and development unit, and

extensive qualitative data collection and research into “best practices.” This approach is not surprising because many of the participants in the reform effort in Sacramento County are former members of the Quality Management and/or Strategic Planning team. Consistent with the operating philosophy of organizational development, the ongoing change effort focused on strategic planning, the development of a workforce vision, and various forms of action research to focus and guide the change program. A primary goal of organizational development is to use the employee group as the essential resource in defining problems and generating solutions. Employee attitude surveys are used to formulate “action plans” that are targeted at the various problems that have been articulated by the workers. Options and solutions that arise from the work group are supplemented with information gathered from external sources.

■ Employee Attitude Survey

The employee attitude survey confirmed the generally low morale. A majority of the labor force expressed dissatisfaction with the County’s management system, and many indicated an intent to seek employment elsewhere. Worker unrest was not simply confined to extrinsic factors (pay and benefits), but extended to the perceived absence of intrinsic motivators. In short, most employees did not believe that they were viewed positively by management, and they felt as though their opinions and job attitudes were not factored into agency decision-making.

■ Quantitative Indicators

Insights gained from the employee attitude surveys were supplemented by several sets of empirical indicators. For a problem such as “inadequate numbers of job candidates,” the “lagging indicators” were developed. These indicators consist of such measures as the number of civil service examinations administered, the quantity of applications picked up and/or completed, and the number of job referrals from incumbent employees. One significant development in this regard was the creation of an exit interview instrument that is intended to pinpoint the factors contributing to employee turnover. “Future indicators” are intended to aid in the formulation of potential solutions (or to forecast conditions that might impede goal achievement). Again in the case of an inadequate recruiting base, possible future indicators might include employment projections in county government, measures of the number of qualified applicants who are expected to be living in the Sacramento area in a given year, and other “measurable” data.

■ The Workforce Vision and Values

Once its problems were clearly identified, the starting point in Sacramento County's effort to stem the turnover tide became its "Workforce Vision" and statement of values. In effect, this document addresses what is widely viewed to be the fundamental problem in the County – employees do not (or did not) feel valued and respected. To counteract this perception, the overall vision statement advocates the creation of "an organizational system and culture that attracts, develops, retains, and taps into the talents of its employees." To promote this goal, the County has identified four essential values that are supposed to be reflected in its practices and procedures: respect and dignity of the individual; trust; personal and professional development; and continuous improvement of processes. Each of these values is defined in fairly specific terms. For example, respect and dignity is said to be grounded in "listening" ("Active listening," in which the recipient of information makes an earnest effort to pay attention to and give due weight to everyone's input, is a cornerstone of the organizational development movement). Trust is defined in terms of ethical conduct toward one another; while personal and professional feedback is based on emphasizing honest feedback to subordinates, the cultivation of employees' strengths, and focused training opportunities.

■ Policy Development Team

As seasoned professionals, the HRA staff recognized that significant change could not be imposed from above nor based on faulty assumptions. Consequently, the HRA Administrator assembled a study group that was named the "Policy Research and Development Team." He asked each of the four County agencies to fund one member of the team, but membership was open to anyone who expressed an interest. Ultimately, over 50 individuals applied for the four positions. Twenty-five "finalists" were selected for interviews (which were conducted by a team of managers), leading to the eventual selection of four highly innovative and talented workers. These four individuals were drawn from various county departments. Thus, the policy team does not merely represent the human resource management community in county government; it provides a much broader perspective. The team is therefore positioned to provide research and development support for not only human resource management practice, but also for other programs that may require attention. Recent initiatives, for example, have focused on alcohol licensing procedures, the management of cemetery districts, and contracting services by the County (such as animal control) with existing/new cities within the County.

Once assembled, the policy team was assigned shared office space so as to foster interaction and a continuing form of “brainstorming.” One of the team’s basic responsibilities includes the collection of data relevant to the County’s human resource management problems, the identification of potential responses, and the design of specific reform proposals.

■ Data Collection and Action Research

As part of the data collection and option identification processes, the Policy Research and Development Team has been scouring the environment for examples of human resource management “Best Practices,” and determining which ones might be transportable to Sacramento County. Various progressive employer locations were “divided up” among the policy team and an additional group of other workers who volunteered to conduct interviews. In most cases team members have made on-site visits to the identified employers.

The team also conducts independent research on a number of topics in order to guide the decision process and identify the costs and benefits of various policy options. In one study, for example, the team examined the issue of tuition reimbursement in order to ascertain the range of options available to public employers. As part of the study, results from a survey of California counties on the subject, have been used to design a tuition reimbursement funding proposal for presentation to Sacramento County elected officials. This is one example of a continuing reform process in which the county HRA assumes primary responsibility for generating policy proposals for future consideration by decision-makers. Although this is a logical activity for human resource management systems, examples of such proactive development are extremely unusual. According to the Policy and Research Team members, several “universal truths ”have emerged from their research thus far, including:

- “Throwing money at workers doesn’t make them happy; those with the highest retention rates are not those with the best-paying jobs. Those who stay are the ones who feel valued.”
- “The keys to retention include empowerment, decentralization of authority, trust (as exemplified by the creation of telecommuting options for workers), being left alone, the absence of micro-management...”
- “Almost all of the highly successful public and private agencies that we have visited share one broad culture – they are involved in the community, they have a service or philanthropic orientation, and they respect their workers. A prime example is the presence of family-friendly programs.”

IV. Implementation Agenda: Setting Priorities and Identifying Strategies

Although the proactive approach to delineating a reform agenda is an innovative and extraordinarily valuable human resource model, it does not automatically result in “success” unless the proponents of change have a clearly defined set of priorities and strategies. The Sacramento County HRA goes a long way toward providing guidance in this regard as well. The HRA staff quickly realized that actual changes in policy represent the path to effective staffing improvements.

To promote the goal of policy implementation, the Research and Policy Development Team first engages in identifying the “good things going on” in human resource management and making a list of the strategies that appear to hold the greatest promise. Following a typical strategic planning format, decision leaders are assembled in a brainstorming session to establish priorities. Each idea is scrutinized, and the participants are asked to dissect potential obstacles – that is, each proposed change is examined in the context of why it can or cannot be accomplished. These meetings consist of differing groups of participants, depending upon the issues being discussed. The policy development team attempts to include decision leaders from any line or staff department that might be affected by proposed changes in policy. For this reason, proposed changes in the human resource management system are generally conducted in a highly participatory format involving representatives from both labor and management units in the County. Narrow topics, however, such as changes in alcohol licensing procedures, only need to be aired before the small number of county agencies that play a role in the management and enforcement of alcohol regulations.

Once complete, this planning exercise yields three levels of human resource management reform proposals:

- First wave reforms are those that can be implemented immediately without “outside” (political) approval.
- Second wave changes are those that are feasible yet which will require Board of Supervisor (the elected officials) authorization. Within Sacramento County, the Board of Supervisors acts almost in the role of a Board of Directors. In this capacity, the Board’s approval must be sought for even the most insignificant human resource management initiatives (including even the review of every pay raise among County employees).¹²
- Third wave measures are “the really hard ones” that demand resource, institutional, or cultural commitments that are not yet readily available.

¹²It is important to recognize here that local governments vary tremendously in such matters. A action that requires County Board approval in Sacramento County may not require approval in another county.

The strategies that have been initially targeted and the level of reform needed to implement each strategy is summarized in the following table and discussed further below.

Table 1: Sacramento County Human Resource Management Reform Proposals and the Effort Required for Implementation

Strategies	Wave 1 “Reforms that can be implemented immediately without “outside” (political) approval”	Wave 2 “Changes that are feasible yet which will require Board of Supervisor (the elected officials) authorization”	Wave 3 “The really hard measures that demand resource, institutional, or cultural commitments that are not yet readily available.”
Training and Development	X		
Career Counseling and Guidance	X		
Succession Planning	X		
Removing obstacles from Hiring	X		
Feedback and Communication	X	X	
Leadership Academy		X	
Tuition Reimbursement		X	
Expedited Participative Decision Making			X

As indicated in the table, the proposals to-date range from placing more focus on training and development to expediting decision-making in all county operations, not just the Human Resource Agency. It is useful to note that the majority of proposals fall in the “first wave” category. This will allow for employees to see some immediate results of the reform effort while the leadership works on the proposals that require political, financial, organizational and/or cultural support. The proposals in the table are described below:

■ Training and Development -- First Wave

Emphasizing employee training and development opportunities is considered “first wave” because they can begin with setting expectations of supervisors to make training and development assignments for their subordinates with an eye toward enhancing their skills. One way of providing workers with needed experience is job rotation (moving employees through different functional assignments). Under a typical job rotation arrangement, workers in the same department (or even level of the organization) will spend a few weeks or months filling the jobs of counterparts in different job classifications or specialties. These job shifts can often be engineered by a single supervisor if the targeted jobs all fall under his/her authority. Alternatively, coordination among supervisors is required when employees move between and among separate departments and/or programs. Job rotation programs serve not only as a means of employee development and motivation, but also assist recruiting because the County tells prospective employees that it intends to train them aggressively.

■ Career Counseling and Guidance – First Wave

In this first wave proposal, the focus is on devising a career development plan that maximizes the workers’ chances of professional success. This is an ongoing process in which some career counselors are being groomed in-house. One facet of the effort is the development of a “career ladder schematic” through which career paths can be tracked and gaps identified. Most recently, the County has contracted for a computer software program (SkillScan) that assists employees in their career planning efforts.

■ Succession Planning - First Wave

This program is closely tied to the first two programs. The idea is that, through careful training and career guidance, the next generation of leaders can be carefully groomed. The talents and abilities of the existing staff are evaluated, their training needs are identified, and search plans may be initiated to fill skill vacuums that cannot be met by the current labor force. At present, these efforts are not centralized or coordinated county-wide. Instead, each department is responsible for conducting its own program. The leader in this regard is the Public Works Department, where one person has the responsibility for identifying critical skills (19 have been articulated thus far) and assessing the capabilities of the existing workforce on those skills. Where skill deficiencies are identified, the department managers are expected to fashion programs to meet future needs. These might consist of focused

training for incumbent workers, or the decision may be made to recruit externally when a “quick fix” is needed to fill a particularly critical vacuum.

■ Removing Obstacles to Hiring – First Wave

One of the first conclusions of the Policy Research and Development Team was that many of the so-called obstacles to recruitment existed only by custom. The procedures followed did not stem only from legal requirements or merit system guidelines. Often, they were applied because “it has always been done that way.” By purging the personnel system of these practices (e.g., lengthy job posting requirements), the recruitment process could be streamlined. Another revelation was that, contrary to common belief, there is no legal impediment to hiring county retirees. Indeed, they can be employed for up to 960 hours per year without affecting their retirement benefits. This provides an inexpensive yet valuable resource to the County, since the retirees are “cheaper” than other permanent workers (they do not earn benefits), they do not require much additional training, and they are generally eager to return to work.

■ Feedback and Communication – First and Second Wave

By realizing the importance of individual motivation and the work place elements that can encourage motivation, County management has begun to embrace measures that promote a more accepting and open organizational culture. This has resulted in proposals for (and some changes in) the frequency of team meetings, the development of a “safe atmosphere,” more regularized and non-punitive performance evaluations, and related measures. No changes that are considered to be “operational” in nature require Board approval. Whenever operational changes are made, the Board is apprised through a “meet and inform” protocol. Board involvement occurs only when a financial decision is required, such as when the tuition reimbursement program was recently expanded from \$300 per employee per year to \$1,200, or when the prior policy was specifically approved by the Board. Board approval may also be necessary in the rare instances in which the County ordinance needs to be amended in order to implement a proposed change in human resource management policy.

■ Leadership Academy – Second Wave

As noted earlier, requiring supervisors to give employees on-the-job development experience is an important first step in building employee capacity

and competencies, that can be initiated immediately. In addition, it is a relatively straightforward task to identify overall competency gaps and to begin planning for leadership turnover. However, the Policy Research and Development Team recognizes that more needs to be done to assure that employees have the training and development opportunities they need and that the County is doing what it can to nurture the next generation of public agency leaders. With this in mind, they are preparing a proposal for the County Supervisors to fund a leadership academy that will provide continuing training to supervisors and managers. Establishment of the academy will serve to upgrade the training function in the County and fine-tune the leadership development program.

■ Tuition Reimbursement - Second Wave

As another step in improving training and development opportunities, the Policy Research and Development Team considered a tuition reimbursement program. First, the team conducted a comparative analysis of such programs in other California counties. Using these results, the team presented a proposal to the County Supervisors. The proposal included the successful features of other tuition reimbursement strategies and was approved for implementation effective January 1, 2002

■ Expedited Participative Decision-making - Third Wave

On the long-term agenda, the HRA staff has placed a priority on generating policy and procedural changes to expedite participative decision-making in the County. Although their primary focus is on human resource management policies (selection, interviewing, evaluating, grievance-handling), they hope to expand the idea to other areas of organizational operations. In effect, the HRA hopes to lead a countywide program of “continual improvement” as supported in the literature on Total Quality Management and productivity research.

IV. How the Reform Was Achieved

There are several characteristics of the Sacramento County administrative environment that produced a reform agenda with practical and realistic priorities. As in many other reform situations, enlightened organizational leadership has been critical to the achievements thus far. In addition, the County has a large number of civil servants in the organization who are both committed to the reform movement and possess essential hands-on knowl-

edge. These qualities are complemented by the presence of a relatively thoughtful group of elected politicians, and the proximity of universities with well-known expertise in public administration. Many of the administrators involved in the change program have either been trained in the local Public Administration programs, or confer with faculty who have relevant expertise.

As planned, most of the strategies that have been implemented to date have not required authorization from outside the Human Resource Agency. They have required the HRA to reallocate resources to the Policy Research and Development Team. And, they have required that team to be creative and comprehensive. Complete implementation of the “second” and “third” wave proposals, however will require external authorization and investment. The capacity to move beyond “first” wave reforms may be heavily dependent on the County’s fiscal health and political support. As the economy slips into recession, priorities may certainly change. One early sign of the Sacramento County response to fiscal stress is the fact that County leaders began meeting in November of 2001 to figure out ways to keep each department and agency “on task” despite the prospects of budget cuts. A chief objective of these strategy sessions is to ensure that human resource decisions are synchronized with the County’s strategic mission and objectives.

V. Results and Lessons

The “Sacramento Model” is an impressive illustration of a concerted reform program led by human resource management in a local government. Many of the initiatives identified and promoted by the HRA have already been implemented with great success. In order to track the progress, several measurement programs are in effect. Ongoing customer satisfaction surveys, for instance, are used to determine if the citizens of the County feel any direct benefits from improved management practices and enhanced employee morale. To carefully assess job satisfaction, an employee attitude survey was being administered at the time of this case study was written. Meanwhile, the County tracks various data points that serve as useful proxies of performance. Turnover, participation in tuition reimbursement programs, expansion in enrollment within the on-site college degree program, and related indicators are used to gauge the reform effort’s impact. All preliminary figures reflect a high return on the County’s investment in human resources. Although it may be too early to provide an appraisal of the overall experiment, preliminary indications provide every reason for optimism. Not only has a remarkable reform process been created, but also it has scored a number of high profile successes. Many of its proposals

have been implemented in “First Wave” actions, and others are pending budgetary approval. Additionally, the Policy Research and Development Team within Sacramento County’s HRA is already fashioning policy changes in a variety of related areas of human resource management practice. These policy changes include:

- Training and Development Assignments;
- Education Reimbursement Increase;
- Updated Telework Policy;
- Formal and Informal Recognition Program;
- Career Enrichment Program;
- On Site Child Care Study;
- Succession Planning;
- Access to Long Term Care Plans and Personal Lines of Insurance; and
- Group Discounts for Employees.

Other than the reform process, the Sacramento County case can be mined for a few additional lessons. According to County administrators, the most basic element of a successful human resource management program is that it be based on goals and objectives of the units and departments in which the workers toil. “To have a human resource management program that supports recruitment, retention, and customer service, human resource management decisions have to be made on the basis of the County’s strategic mission.”¹³ This means that the budget should not drive Human Resource priorities. An integrated approach to the delivery of public services is required. The method employed in Sacramento County certainly provides one thoughtful and apparently successful approach to reaching this important objective.

¹³ Kathy Guerard, telephone interview.

STATE OF SOUTH CAROLINA: Adopting Private Sector Principles and Practices

I. Introduction

Within the span of a decade, South Carolina's civil service system was transformed into one of the most advanced in the nation. The State's human resource management system was completely revamped between 1993 and 2000. According to a 1999 *Governing Magazine* ranking of the states, the human resource management function in the State was determined to be the best among all the states in terms of personnel system operations. In recognition of its efforts, the magazine awarded the South Carolina's Office of Human Resources (OHR) the highest rating assigned to state human resource management performance, an A-. It was the only such office to receive such a high ranking. This top ranking was further confirmed when South Carolina received the only A for human resource management in the magazine's 2001 ranking of the states.

The fundamental ideas that guide "government reinvention" are apparent in all phases of the South Carolina reform experience. Specific elements of the reform agenda were designed to enhance the flexibility of public managers in the handling of civil servants, to increase managerial discretion over reward and punishment, and to loosen bureaucratic impediments to recruitment and retention. South Carolina has thus emerged as a human resource management model that is being emulated by state and local governments throughout the nation. Although a large number of individual "reforms" collectively comprise the South Carolina experiment, all can be boiled down to two major categories: *de-bureaucratization*, and *adoption of the so-called "IBM Model"* of human resource management administration.

II. Factors Leading Up to Reform

In the late 1980s and early 1990s, South Carolina's political leadership became interested in the government reinvention movement. Privatization, cost cutting, and enhanced efficiency were watchwords of political campaigns. These sentiments ultimately found expression in a move toward the cabinet form of executive governance. After 200 years of highly fragmented, commission-based public administration, the State consolidated executive

power by placing many state agencies under the governor's direct control. The passage of the State Government Accountability Act in 1993 initiated the transformation. While HR Reforms had already begun, a large percentage of the administrative changes in the human resource management system originated in 1993 with that legislation.

In the context of a fundamental reconfiguration of state government, reinvention appears to have emerged as a logical complement. The changes did not necessarily occur as a result of deep animosity toward the old personnel system, although dissatisfaction with the inflexibility of the merit system certainly existed in some quarters. Coincident with the governor's assumption of administrative authority over state agencies, the political leadership had an interest in giving the newly appointed managers the requisite tools to implement their policies. Reinvention's emphasis on government efficiency and political accountability (as well as its focus on executive responsibility for public policy) dovetailed nicely with much of the emerging political agenda.

Human resource management reform, in particular, appears to have been one facet of the broad initiative to make government more flexible and efficient. Most of the reform was intended to address slow and unresponsive procedures governing recruitment, testing, evaluation, job classification, and position assignments. Prior to reform, the central OHR performed many of these functions directly, or retained final authority over personnel actions occurring in agencies. This produced delays and frequent complaints that the system was inflexible, incompetent (i.e., the candidates referred for job openings were not suitable), and/or inconsiderate of agency needs.

III. Reinventing Human Resource Management: The Elements of Reform

In the transformation of state government operations, no facet of human resource management has been left untouched. Literally dozens of specific measures have been encompassed within the South Carolina reform experience. Broad categories of changes are described below, along with the motives that guided each reform initiative.

■ Performance Based Salary Adjustments ("Merit Pay")

The Government Accountability Act empowered agencies to develop procedures and evaluation standards aimed at increasing or decreasing employees' salaries on the basis of their performance. This represented the first systematic attempt by the State to implement a true merit pay plan that is applicable to all employees. Previously, agencies would frequently allocate merit raises

in a (more or less) across-the-board manner, even when special monies were set aside for performance-based increases. Often using the Employee Performance Management System (EPMS) as the critical evaluation instrument, managers are now able to provide raises to reward exceptional performance. The EPMS combines some of the best characteristics of behaviorally anchored rating scales (BARS), critical incidents, and Management by Objectives (MBO). As such, it is considered by most authorities to be a highly effective means of evaluation if both supervisors and subordinates take it seriously. Reforms to the EPMS, such as the development of a “tool box” of options agencies can incorporate into their individual systems, have also contributed to its usefulness to agencies. The number of merit pay allocations has grown considerably each year as public managers have gained experience with the EPMS and placed greater faith in the new pay system.¹⁴ During the 1999-2000 fiscal year, over 40,000 “flexible pay actions”, to include merit pay increases, were granted.

■ Classification and Pay Flexibility – “Broad Banding”

Restrictive job classifications that impede the ability of supervisors to assign and reassign workers have long been a major problem within civil service systems. Narrowly defined jobs also restrict salary flexibility because employees’ pay is directly tied to their classifications. For this reason, broad banding of salaries was an essential prerequisite to the introduction of an effective merit pay scheme. As implemented in South Carolina, broad banding involved the consolidation of over 2200 job classifications into a much more manageable number (about 500). Similarly, the State’s old pay system of 50 pay grades was collapsed into ten broad bands with very wide salary ranges. Under the revised format, employees are eligible to earn any amount of money that is permitted within the much broader bands that now are linked to job titles.

The revised classification and compensation system enables managers much greater flexibility at several important decision points. First, new hires can potentially be placed in jobs at salaries that might be substantially above the minimums. Thus, workers in such fields as Information Technology and Nursing might be offered atypically high salaries because the ordinary compensation levels in government are not competitive with the private sector. Second, high-performing workers can now be rewarded with substantial pay increases that are not restricted by artificial classification guidelines or narrow pay grades. Moreover, the consolidation of job titles and classes enables managers to assign and reassign workers to duties that may be more appropriate to their talents, interests, and/or wishes. The

¹⁴ Source: interview with Donna Traywick, OHR Director, 1996-2001.

broader job classes also prevent the need for managers to pursue undesirable job design for reclassification purposes (for example, technicians are not required to become supervisors to achieve salary growth). Under the previous system, significant alterations in worker's job assignments were often difficult due to classification impediments and the limited ability to reward growth in an employee's responsibility or skill level.

■ **Increased Supervisory Flexibility**

The reform of the classification and compensation system also gave public managers greatly expanded latitude over several staffing decisions. They are now empowered to reassign and transfer employees within the broader job classes and reclassify their subordinates subject only to agency approval. Moreover, employees can be promoted up to one job level without any state-imposed restrictions, and due to the increased pay flexibility, supervisors can reward employees' career growth when they become more valuable to the organization. This flexibility extends to staffing activities as well. All facets of recruitment and selection are now the province of individual agencies. There is no "single point of entry" through which all job applicants must pass in order to gain state employment. Instead, the agencies write their own job descriptions and process their own applicant pools. The OHR's role in these activities is no longer that of "supervision" or management, but to provide technical assistance. Additionally, the State operates a Career Center that provides a central repository of job postings and advertises all job openings.

■ **Probationary Period Extension**

Consistent with reinvention's desire to reign in civil servants who are undeserving and/or incompetent, short probationary periods have come under increased scrutiny in recent years. South Carolina was no exception. The traditional six-month probationary has now been replaced with a one-year review cycle. Implicit in this reform is the notion that additional time will give supervisors a better opportunity to cull out ineffective employees before they acquire full career protections.

■ **Expedited Grievance and Mediation**

Another measure that is clearly intended to help the state's supervisors deal with "problem employees" is the introduction of a highly developed system of grievance and mediation. Implemented through a statutory amendment to the State Employees' Grievance Act, the new system places heavy emphasis

upon *alternative dispute resolution*. All disputes arising under the Grievance Act must now be submitted to mandatory mediation. In cases where initial efforts to resolve the controversy are unsuccessful, binding arbitration has been introduced to adjudicate lesser offenses, leading to greater efficiency in the grievance process. The full grievance process – in which a quasi-judicial hearing is conducted before the State Employee Grievance Committee – remains an option in a reduced number of serious cases. The revised format is intended to divert most grievances away from that expensive and time-consuming alternative. To date, over 70 percent of the cases presented for mediation are successfully resolved.

■ Scheduling Innovations (Flex-time and Job-Sharing)

To improve the quality of work life and aid employees with young children, managers have been empowered to implement flextime and job-sharing programs without acquiring centralized authorization. Also, employees are permitted to work out of their homes in cases where such arrangements are feasible. Prior to these changes, flextime schedules and telecommuting arrangements were not encouraged and were not widespread. Such decisions now rest solely with individual agencies.

IV. The IBM Model: Structural and Operational Changes in the Human Resource Management Function

The chief characteristics of the IBM model for the delivery of human resource management services are decentralization, the use of a consultative model with client agencies, and the elimination (or at least reduction) of oversight activities. Because these concepts are so readily apparent in the reforms that have already been listed, one can see that the transition to the IBM Model was a natural outgrowth of the ongoing reform program.

Implementing the IBM Model for human resource management means that almost all operational decisions of the personnel system have been turned over to the line agencies. They are therefore empowered to recruit, train, reclassify, promote, and otherwise handle their human resources with limited centralized intervention. Personnel within OHR, meanwhile, shifted their focus from narrow specialties (e.g., classifiers, interviewers, examiners) to a *generalist* orientation. In effect, the employees within OHR have been transformed into “jacks-of-all-trades.” As *human resource management generalists*, they perform the roles of *consultants* who assist agency officials with their human resource management responsibilities. Called “consultants” by OHR, the personnel who once served as specialists were cross-trained (or

replaced) and are assigned a fewer number of agencies. Their primary task is to assist agency HR managers in problem-solving and implementing personnel system reforms. Likewise, the consultants often play a role in providing assistance to agency managers in addressing and resolving specific work force-related needs, and even help in the selection of new personnel directors when positions become vacant.

These changes have had a clear impact upon OHR's organizational chart. All references to the old specialties have been eliminated. The revised OHR contains three major offices:

■ Human Resources Consulting Services

This unit contains all of the previously mentioned consultants. The office is responsible for providing client agencies with a full range of human resource management assistance, but focus especially on classification, compensation, employee relations, discipline, and grievance handling.

■ Human Resources Development Services

This office focuses on workforce planning, recruitment, organizational development, and employee development (training).

■ Administration

This office performs the business management and information technology activities and partners with the other program areas to implement new initiatives.

Compared to the OHR of past years, the current one is a mere shadow of its former self. Ten years ago OHR employed almost 100 workers and kept a tight reign on many aspects of the state personnel system. Today's OHR has a staff of less than 50, almost all of whom are engaged either in service delivery or support activities. This transformation has been aided by the significant reduction of control and oversight activities. The only centralized functions of note, other than those already mentioned, are record keeping, serving as the central repository of statewide human resources information, and administration of an agency heads' salary system. Under this latter program, the salaries of agency heads are set by a special committee (legislators and gubernatorial appointees) that conducts evaluations of their performance and assigns pay increases accordingly. While at first glance this may seem more control-oriented, agency heads are being paid based on how they perform rather than on their ability to lobby the legislature.

IV. How the Reforms Were Achieved

South Carolina's human resource management reforms were achieved through a combination of legislative action and visionary leadership. The legislation called for fundamental restructuring of South Carolina's government. During a brief period of legislative and gubernatorial domination by one political party, the entire reinvention agenda was incorporated into statute. However, the shape of reform was affected more by the reinvention *literature* than might be the case in many other locations due to the input of Fred Carter, a Public Administration authority. A former professor of Public Administration, Dr. Carter headed the Budget and Control Board – a joint legislative and executive body that essentially constitutes the State's "Department of Administration" – during the entire period in which the human resource management changes were being incubated and implemented. As the person most directly responsible for state administration during the 1990s, he played an instrumental role in shaping the new OHR into what is known in the literature as the "IBM Model." Once underway with the adoption of the Government Accountability Act, the reform movement has matured under the leadership of Donna Traywick. As the architect of most of the structural changes within OHR, she has provided the vision through which the personnel function has been decentralized.

Two characteristics aided reform. First, although the State's human resource management system was previously centralized to some degree, it was not as rule-bound as those in some locations (e.g., California and New York). Second, South Carolina is one of the least unionized states, a fact that no doubt contributed to the government's ability to fashion human resource management reforms without any discernable opposition from employee groups.

V. Results and Lessons

In South Carolina, the age-old preoccupation with *control* activities has been supplanted with a service orientation within the central Office of Human Resources (OHR). According to its own mission statements, the OHR's new goals are to "place decision-making at the appropriate level," to "balance interests in flexibility and accountability," and to "encourage customer (agency) participation and buy-in." Compared to the reputation that central OHRs have generally acquired over the years, this reorientation represents a dramatic transformation.

By almost any measure, South Carolina's experiment with decentralization and adoption of the IBM Model has been a huge success. As exemplified

by widespread external confirmation (e.g., *Governing Magazine*, International Personnel Management Association), the State is viewed as a leader in civil service reform. Objective measures of success include the greatly reduced staff within OHR, highly positive “customer satisfaction” surveys conducted by the agency, and a generalized sentiment among the state’s managers that the “new” personnel office is responsive, flexible, and helpful. States or localities wishing to emulate the South Carolina experience do not need to look far for guidance. Because the specific reforms adopted in the State are so consistent with the orthodox version of reinvention, there is a plentiful literature to guide one’s efforts. Likewise, the IBM Model of delivering human resource management services is a widely disseminated concept in the private sector, and well known to most public managers. Statutory reform will probably be required to accomplish the same feat in most states, just as South Carolina’s reforms were supported by legislative initiatives. Any state with a significant number of public employee unions is likely to encounter greater resistance, however, because many of the reforms diminish job protections for civil servants. Although this fact has not become a major issue in the State as yet, high-level public employees were demoted (and/or left state employment) once career protections were eased. There have not been any reports of widespread abuse of supervisory (or political) authority, but it would be naïve to assume that such phenomena will never occur.

This discussion raises a fact that cannot be ignored in debates concerning personnel system reform. Any measure that “empowers” supervisors can potentially be used to punish employees for reasons good and bad. Opposition may surface not only from unions but from public interest groups that fear that the civil service system will be undermined by reform. While the South Carolina case does not provide any cause for alarm, reformers need to be aware of the operational implications of requested changes in public personnel systems. Improved performance is a probable outcome of deregulation and de-bureaucratization. The risk of politicizing public sector human resource management decisions also exists, however. For these reasons, there is probably no “silver bullet” that will be generally applicable in every location.

STATE OF WASHINGTON:

Meaningful Performance Appraisal

I. Introduction

The State of Washington has received critical acclaim from several professional associations for creating an effective means of performance appraisal. Fair and meaningful performance appraisal systems have long been one of the most enduring and difficult challenges of human resource management. Often called “the missing link” of human resource management, accurate assessment of employee contributions to the organization is essential to the maintenance of almost every phase of the personnel system. In addition to the obvious role that performance appraisal plays in the allocation of raises and promotions, the recruitment, selection, and discipline functions are badly hindered without an accurate means of employee assessment. Likewise, *worker morale* is intimately tied to faith in the performance appraisal system. Using an evaluation format that emphasizes flexibility, simplicity, and a concentration on employee development (rather than punishment), Washington State’s innovative approach to performance assessment incorporates all of the current wisdom on the topic.

II. Factors Leading Up to Reform

The State of Washington embarked on the reform effort certain that employees were very disgruntled about past evaluation strategies. Repeated employee surveys had reflected deep irritation with the traditional rating practices that had previously prevailed. The situation is certainly not unique to public agencies. Dissatisfaction with their performance appraisals is often the most common complaint among civil servants. Charges of favoritism are rampant within many public agencies, a fact that is usually traced to a performance appraisal technique that is overly subjective and poorly suited to the measurement of any worker’s contributions to goals and objectives.

In the State of Washington’s specific case, the old evaluation scheme had been in place for over twenty years without any modifications. It was composed essentially of a classic “rating scale,” a format that is highly prone to numerous evaluation errors (subjectivity, “grade inflation,” and the like.) By 1996, the “users of the system were complaining that the sys-

tem was ineffective, did not meet the needs of their organizations, was improperly used, and desperately needed to be changed.”¹⁵ Recognizing the need for a dramatic change in the evaluation methodology, the Director of the State Department of Personnel appointed a project team and charged them with creating a “state of the art” appraisal system. After 18 months of research and development, the new system was launched in June of 1998.

III. Background: Performance Appraisal System Challenges

To better understand what Washington State has done, it is important to provide a brief summary of the problems inherent in most performance appraisal strategies. These strategies generally focus on worker traits rather than accomplishments using a classic “rating scale” ranging from excellent to poor along a 5 or 7 point scale to grade workers according to a list of adjectives or traits (e.g., loyalty, effectiveness, quality of output, motivation.) This approach allows the manager to assign a numerical score to the employee, but that score seldom has much to do with the worker’s actual contribution. Instead, research has repeatedly demonstrated that supervisory bias creeps into the process from many sources. Rating scales, as well as many of their “improved” versions, fall prey to gender and racial stereotyping, perceptual pitfalls, and dozens of related problems that essentially destroy their reliability as measures of worker performance. Although refinements have tried to improve the methodology of performance appraisal over the years, there is no recognized “model.” There are, however, several reoccurring lessons about the evaluation process, including:

- **Focus evaluation of *actual performance*.** Identifiable, observable, and hopefully measurable output – is far preferable to the assessment of traits or other behaviors that are subject to multiple standards of review.
- **Involve *employees*.** Involvement in the establishment of performance standards enhances the legitimacy of the process as well as focuses worker attention on desirable outcomes.
- **No approach to performance appraisal will work well unless *managers take the process seriously*.** Given widespread dissatisfaction with almost all approaches to Performance Appraisal approaches, managers commonly postpone or even fail to complete required reviews, or even have their subordinates complete their own evaluation forms.
- **Effective evaluation requires *training*.** Supervisors are seldom equipped to do an adequate job of observing and recording fair assessments of their subordinates’ efforts without instruction on goal setting, perceptual pitfalls, and the proper means of providing feedback.

¹⁵“Overview: Washington State’s New Performance Evaluation System,” Department of Personnel, September 1999, page 1.

- **Managers need to have a clear understanding of the *ultimate objective* that the performance appraisal technique is intended to achieve.** A critical consideration in this regard is that performance appraisals with a punitive focus are likely to be unpopular among both managers and subordinates. To maximize their potential within modern organizations, appraisals need to emphasize such goals as employee development, the fostering of mutual understanding of each other's expectations, and alignment of evaluation objectives with the organization's long-term (strategic) plan.
- **Managers and employees need assistance in effectively communicating performance assessments.** Staff are often uncomfortable with communicating or articulating in writing their thoughts about job performance.
- Performance appraisal system designers need to understand **that there is no single "size" performance appraisal system** that fits all workers. In other words, the performance appraisal process must be *flexible* in such a way that specific goals and objectives can be tailored to individual job responsibilities.

IV. Washington State Innovations

The State's reform program was based on a series of surveys that involved managers, employees, clients, and customers. This input was used to identify the reasons that past approaches to performance appraisal were so unpopular in the State, and to solicit recommendations on how these problems could be alleviated. This approach allowed widespread participation in the design phase. Three key aspects of the performance appraisal design are its flexibility, non-punitive focus, and an optional "360-degree" evaluation.

■ Flexibility and Adaptability in Performance Appraisal Design

Washington State developed two appraisal plans with complimentary forms. Managers have a separate plan (the Manager Development and Performance Plan – MDPP) from nonmanagerial employees (the Employee Development and Performance Plan – EDPP.) Both are grounded in the widely accepted notions that each employee evaluation should be adapted to the appropriate setting and job requirements. Although only two different evaluation forms are used, they are intended to be tailored to each individual worker.

The fundamental design of the performance appraisal system involves a collaborative process between superiors and subordinates. The objective of the evaluation process is to serve as a "planning and communications tool

that focuses on results achieved and skills critical to effective performance.”¹⁶ In attempting to accomplish this objective, the process incorporates (1) an emphasis on objective goals, (2) the involvement of both managers and employees in establishing performance standards, and (3) an emphasis on *developmental* rather than punitive motives. Through collaboration with managers and supervisors, performance plans and objectives are identified to focus their attention during the review cycle (typically one year). The plan is continually monitored and modified as needed, and concludes with an assessment of actual outcomes (“specific, observable, and sometimes measurable”)¹⁷ at the end of the review cycle. The process then begins again with the development of a new plan for the upcoming performance period.

The process through which the appraisal plan unfolds is simple yet demanding upon the participants. It involves the following steps:

- At the beginning of the cycle the supervisor and employee, *working separately*, develop drafts of a performance plan for the employee during the upcoming period. This plan is supposed to include the outcomes to be achieved and the managerial “KSAs” (Knowledge, Skills, and Abilities) to be developed or enhanced.
- Once each individual has prepared a plan, the two meet in order to collaborate over the creation of a finalized version of the evaluation criteria for the upcoming period. Both participants then sign the form as an indication of that the process has been followed, the plan discussed and understood by participants.
- During the ensuing months, the two are expected to confer, agree upon any needed modifications, and formalize any changes in writing.
- At the end of the review cycle (which is typically twelve months,) the supervisor and subordinate – again working independently – draft preliminary assessments of the performance period. Each is expected to identify the targeted outcomes that were achieved, any related accomplishments, and whatever competencies that were demonstrated or acquired. These preliminary drafts are then refined in a collaborative post-mortem session in which the two discuss the past year and agree on a summary assessment. This step also can serve as the initial session as the two individuals begin to plan for the next year’s review process.

In order to provide structure to this collaborative endeavor, the plans use a very simple written format that is divided into sections that are completed at the beginning and end stages of the review. Part of the form is completed

¹⁶ State of Washington Department of Personnel, “Washington State’s New Performance Evaluation System,” Olympia: Department of Personnel, September, 1999; “Manager Development and Performance Plan,” Olympia: Department of Personnel, 1999; and EDPP User’s Manual, Department of Personnel, 1999.

¹⁷ State Department of Personnel, EDPP User’s Manual, page 9

during the planning stage of the annual process. This part essentially addresses work expectations and desired professional development. The second part of the form requires documentation of results achieved.

“Ratings boxes” have been totally eliminated, shifting the emphasis to the importance of articulating, in writing, an assessment of performance. Recognizing managers’ and employees’ discomfort with this task, the EDPP includes a page listing several competency statements. These serve as “prompters” to help stimulate discussion and help with writing.

■ Non-Punitive Focus

The described process is especially noteworthy because its primary goal is to *improve employee performance* in a relatively unthreatening manner. Washington’s approach to performance appraisal does not result in a rating, per se, but instead emphasizes developmental objectives. Employees are instructed on how to achieve objectives and/or on how to improve job outcomes. The adversarial qualities of employee appraisal are thus eliminated in favor of a much more positive and proactive approach to employee development. Actual disciplinary action uses a different process, keeping it separate from the performance appraisal.

■ A 360-Degree Evaluation Option

At the option of the employee, workers and managers may avail themselves of a 360-degree review. This means that feedback concerning an individual’s performance can be systematically collected from everyone who is relevant to their job: superiors, subordinates, peers, and clients. Standardized instruments are used for this purpose in order to provide workers with a complete picture of how they are performing in the eyes of all affected individuals and comprehensive feedback about their competencies.

V. How the Reform Was Achieved

The specifics of the new evaluation format were worked out centrally by the State Department of Personnel (DOP), and relied heavily upon the results of surveys that solicited the opinions of the various state agencies and other customer groups. An important catalyst in this change process was, the Director of the DOP. As previously noted, he convened a project team that spent 18 months researching, discussing, and designing the performance appraisal plans. The project team was composed of both agency and union representatives. Once it was designed, the new evalua-

tion protocol was distributed to all state agencies for their reactions. After refining the plan in response to agency feedback, the employee performance appraisal process and form were piloted in several state agencies over a four-month period in 1998. After evaluating the highly positive responses generated by the pilot program, the DOP introduced the evaluation system statewide in January of 1999. This program launch provided agency personnel not only with instruction on how to complete the necessary forms, but also the underlying logic and objectives of the new evaluation format. To allay any latent fears, agencies and unions were assured that the program would be reassessed after its first year's operation in order to determine if it would be retained.

VI. Results and Lessons

By many measures, the new approach has been successful. Initial employee survey results indicate that satisfaction levels with the new evaluation system hover at *97 percent*. This figure is startling, especially when one considers that the previous performance appraisal strategy had generated a 93 percent *disapproval* rating. Employees “applauded the elimination of rating boxes” and give “rave reviews” to the prompts for competency statements. Other indicators of success include professional recognition from the International Personnel Management Association (IPMA), National Association of State Personnel Executives, and other human resource management organizations, all of which have expressed admiration for the Washington State experiment. Moreover, the process won the Washington State Governor's Award for Service and Quality Improvement. In sum, there it appears that the State's approach to performance appraisal is both popular and effective.

As reflected in the success to date in Washington, there are several key requirements for long-term success, including:

- Upper management must demonstrate support and encouragement.
- Managers and workers must be convinced that the considerable effort required to implement the approach is not being wasted.
- All participants must take the process seriously. For example, managers must meet and confer with staff over mutual expectations. This is a simple, but regularly ignored task in many organizations that is essential to effective performance. The mere process of discussing the annual plan allows the two individuals to clarify the roles and responsibilities expected of each, hopefully in the context of their position descriptions *and* the agency's strategic plan (or mission, or identifiable objectives).

- Participants must be rewarded for their efforts. That is, when goals are successfully accomplished, some form of extrinsic or intrinsic feedback must be provided to reinforce the positive performance.
- All employees must be provided with access to training and/or experiences (e.g., job rotation) that helps them to prepare for goal achievement if the process is to emphasize the acquisition of needed competencies. If these opportunities are not available – if a fiscal action limits training – then this emphasis becomes hollow.

If these steps are followed, the State accrues many benefits. In addition to greatly improving employee attitudes regarding the evaluation process, the new system ensures that managers and workers are “on the same page” insofar as their mutual expectations are concerned. Moreover, the process serves potentially serves as a major inducement to employee retention. As the employees acquire additional skills, their potential for promotions becomes greater. In effect, the career ladder is made more visible, and the steps needed to climb the ladder are spelled out with greater clarity. Similarly, concerns about favoritism, standards of evaluation, ambiguous goals, and “unfair” performance criteria are ameliorated or eliminated. The process thereby represents a true “win/win” possibility for public agencies.

STATE OF WISCONSIN: Overhauling Civil Service and Building Bridges to Labor

I. Introduction

The State of Wisconsin is generally regarded as a center of human resource management innovation. In addition to having a long tradition of progressive governance, the State has benefited from the presence of influential figures in the national human resource management reform movement. As a result, Wisconsin has acquired a highly positive reputation in three areas of innovation:

■ Timely Hiring

Applicants for state jobs are quickly identified and processed. By expediting worker recruitment, the State has enhanced its ability to compete with private enterprise for technical and administrative “talent.”

■ Compensation Flexibility

Using a compensation system known as “broad banding,” the State permits line managers to use financial incentives to retain valued employees and to exercise expanded flexibility in work assignments.

■ Labor Management Cooperation

A highly unionized jurisdiction, Wisconsin has very strong incentives to foster collaborative relationships with public employee unions. Efforts in this regard have produced impressive successes. In essence, the State has made great strides toward institutionalizing a non-adversarial collective bargaining system. By promoting the mutuality of interests between management and labor, workforce harmony and enhanced productivity are encouraged.

II. Factors Leading Up to Reform

Wisconsin’s approach to recruitment and selection began in 1992 with a “customer service satisfaction survey” that revealed widespread dissatisfaction

with the unwieldy and unresponsive merit system. Like most civil service systems, the process of recruiting and hiring new workers took a considerable length of time (six months or more), a factor that discouraged quality applicants. The State was not effectively competing for the best workers because the private sector is able to process job candidates much more quickly. Also, some staff turnover was attributed to poor morale and the lack of sufficient incentives to encourage retention.

New efforts at labor management were developed to combat the labor unrest among public workers in the State of Wisconsin during the late 1980s and early 1990s. Strikes, grievances, and persistent sniping between management and labor resulted from an inherently adversarial climate that was also marked by resource shortages. Labor-management relations were especially unsettled because raises and fringe benefits did not keep pace with worker demands.

III. Employee Recruitment and Hiring Initiatives

Wisconsin's Department of Employee Relations (DER) therefore made "Timely Recruitment" one of its first reform priorities. As a result, Wisconsin's recruitment approach has been transformed through an integrated strategy that is intended to broaden the scope of searches, expedite hires, and empower line managers in their efforts to meet staffing needs.

■ Expanded Recruitment Efforts

For extremely high-need areas, such as Information Technology, full-time recruiters have been hired to identify applicants and create targeted search strategies. To expand the applicant pool, recruiters now conduct on-site interviewing on college campuses and other locations where potential applicants are most likely to be found. Another important facet of this process is the concept of continuous recruitment. For many job classifications, including those that are particularly hard to fill, applications are always being accepted, and candidates are routinely screened. Therefore, when a position becomes open, the State is not required to formally announce and/or advertise the position in order to process applicants. This permits prompt referrals to the interviewing authority, and much more rapid closure of vacant positions.

■ Streamlined and Accessible Certification

The central component of the Timely Hiring effort consists of two programs: the Entry Professional Program (EPP) and the Critical Recruitment Program

(CRP). These strategies eliminate examinations for any position that requires a college degree or some form of professional certification. In other words, job candidates become technically eligible for appointment if they meet the certification requirement. In what is referred to as “unassembled” examinations, certification requirements include a resume and/or application, and an interview. For some other positions, skills inventories are used. This device consists of a checklist that applicants are asked to complete. In effect, the checklist probes the areas in which the applicants feel that they are qualified and/or where they possess various forms of job-relevant experience. Applicants whose responses reflect a suitable amount of needed skills are invited for interviews.

Applicants can also complete the necessary paperwork over the Internet, as well as have their letters of recommendation submitted by e-mail. In addition, the State has created walk-in testing centers for candidates who still must pass a written examination. Instead of waiting for scheduled testing dates (and sometimes hard-to-find examination locations), “store-front” testing centers greatly reduce the burden on potential applicants. No one needs to apply in advance to sit for an examination.

■ Delegated Decision-Making to Line Agencies

Wisconsin began its reform program by permitting operating agencies to design their own recruiting, testing, and certification procedures for applicants. Under general oversight regulations, state agencies are empowered to perform all of the recruitment activities that once were handled in a more cumbersome process by the State’s Office of Human Resources (OHR). In addition, there is no cap on the number of applicants who must be interviewed. No “rule of five” or other procedure impedes the hiring manager’s ability to interview as many qualified applicants as desired.

■ Self-Evaluation

To evaluate these innovations, the State of Wisconsin has installed a number of measures that are fairly rare in government. For example, at the conclusion of each candidate interview, the hiring manager is asked to complete a “Candidate Quality” survey instrument that enables the OHR to judge the overall quality of its recruitment procedures. Similarly, customer satisfaction surveys are routinely conducted, a process in which agency personnel are asked to evaluate the effectiveness of the human resource management system.

IV. Compensation Flexibility and other Measures Intended to Promote Retention

The State's response to high turnover and the lack of incentives encouraging retention included several measures. The common theme is enhancing flexibility.

■ Compensation and Job Assignment Flexibility

Wisconsin created a broad banded compensation system that is intended to address some of the major failings of traditional pay structures. Such a system is widely viewed as an asset to both the recruitment and retention of quality workers. The essence of this new approach to classification and compensation is to collapse narrow job classifications into much larger categories that encompass broader job responsibilities and wider compensation ranges. The State of Wisconsin collapsed 500 job classifications into 315. This resulted in much wider pay bands. The pay bands are now separated by nearly \$23,000 on average (the minimal level may be \$20,000, with a cap for that particular grade set at \$43,000). Moreover, by providing supervisors with more pay flexibility within each salary band, it is hoped that public employers can offer higher entry salaries to new workers, and do a more effective job of increasing the pay of deserving incumbents.

An equally important objective of broadbanding is to create a motivational system for existing workers. In Wisconsin, supervisors have been empowered to enhance pay in accordance with employees' duties, acquisition of new skills, and performance levels. As a result, workers are eligible for "Discretionary Compensation Awards" (DCAs) that can total 12 percent of their salaries on an annual basis. These awards are intended for exceptional workers, those who warrant increases on equity grounds (i.e., they are poorly paid in relation to the labor market), and those who have been reassigned to expanded duties. In some cases, DCAs can be awarded to counter offers from other employers. Similarly, the opportunity to obtain meaningful salary increases is designed to encourage workers to acquire additional skills and responsibilities that will benefit service delivery. This is, in effect, a form of skill-based pay in which salary enhancements are tied to both performance and employee development. As such, it provides an inducement for employees to participate in training opportunities, to accept greater responsibility, and to become involved in professional organizations.

For the most part, the money that is needed to fund the higher salaries attributable to pay reform comes from the "turnover lag." That is, when positions become vacant, the salary money that is "saved" during the recruitment of a replacement is devoted to DCAs.

■ Additional Flexibilities in Work Place Policies

In addition to expanded pay and job assignment flexibilities, Wisconsin employs a number of other strategies that are logically related to worker retention, motivation, and productivity. A simple example is a considerably relaxed dress code. In redundant many agencies, casual dress (within reason) prevails all week, not just on Fridays. And, where feasible, work at home has become common. Employees who are not required to meet with clients and who are otherwise able to communicate with their agencies via computer modems are permitted to stay at home. The State also makes much greater use of job sharing, a practice in which a single position is occupied by two part-time employees.

V. Labor-Management Cooperation

The Wisconsin Labor Management Model represents a successful example of consensus bargaining.¹⁸ The essential focus is on identifying mutual interests that are shared by the two groups. Once identified, the negotiating team's main task is to develop options that satisfy the interests of both groups. In effect, labor and management join together in a partnership that is intended to work out problems in an amiable fashion.

Training and skill building have played a big role in changing relationships. Training on labor-management cooperation is included in new employee orientations, as an ongoing topic for professional development, and in the preparation of members of various negotiating teams. For the most part, the training focuses on the process of labor-management relationships, including team-building, consensus-building, planning capabilities, and dealing with change. Workshops composed of both labor and management leaders have been held around the State, where skills such as active listening, resolving conflict, and developing goals and objectives have been refined. Each session is capped off with an action planning exercise in which the participants identify real-world ways to enlarge and enrich the cooperative mode that has been established. Current plans, for instance, include allowing labor representatives to participate in hiring decisions, fostering greater employee involvement in the creation of around-the-clock work schedules, the creation of self-directed work teams, and the reduction of sick leave and absenteeism.

VI. How the Reforms Were Achieved

Obviously, reforms as sweeping as those in Wisconsin cannot occur without the cooperation of many actors, both political and administrative. A critical building block of reform was the enabling legislation that repealed

¹⁸Based on the award-winning book, *Getting to Yes*, by Roger Fisher and William Ury, this approach is grounded in the belief that labor and management have complementary (not competing) interests.

the “rule of five” – the procedure that limited the number of qualified applicants that hiring managers could interview. Another building block was the DER’s study that painted such a grim picture about the condition of the Wisconsin civil service. As a result of the study, the legislature was also prompted to grant much greater flexibility to the executive branch in both managing and compensating the public labor force. Another essential component for this kind of reform is one or more enlightened *leaders* who focus the attention of government, marshal resources, and lobby for change. DER had several such reform-minded managers.

Reform did not come easily, as one might imagine from the breadth of the changes that are detailed above. In fact, elimination of the rule of five took three legislative sessions to pass. Similarly, the legislature exhibited some reluctance in granting enhanced flexibility to the agencies in the hiring of entry-level professional workers. In each case, time was required to educate the legislators about the logic of reform, and to assuage their fears about the consequences.

Implementing compensation system reform was also difficult because of the initial resistance of several large employee unions. Because Wisconsin is a heavily unionized state, changes to pay and benefits programs must be negotiated. Broadbanding was initially opposed by the unions that represent professional employees, but was eventually put into place after lengthy and intense negotiations.

As is almost always the case in every political environment, reform “champions” played an essential role in gaining the necessary approval of decision-makers. Important players in the Wisconsin drama were the Department of Employee Relations and the Governor’s Office. By collaborating in a concerted effort to modernize the state’s personnel system, the executive branch overcame legislative reluctance.

A major catalyst for Wisconsin’s progress in human resource management reform was the Administrator of Merit Recruitment and Selection. As one of the guiding figures in both state and national human resource management innovation, he provided much of the vision that was ultimately expressed in the described reforms. Although each reform is supported with ample empirical and anecdotal evidence, without an outright crisis that spurs a grassroots call for change it is unlikely that such changes could occur without strong leadership. Wisconsin’s successes are most directly attributable to the employees within DER and on the Governor’s staff who followed the Administrator’s lead and campaigned for reform both in the political environment and within the state bureaucracy. The reform “recipe” that emerges is consistent with what one generally finds in many Best Practice locations:

circumstances (some form of crisis) combine with emergent leaders to propel a change agenda. Both conditions are usually necessary, but neither is a condition that can easily be engineered or controlled. This makes reform appear as a somewhat haphazard event, a reality that accentuates the importance of educating public administrators about the benefits inherent in various types of human resource management innovation.

VII. Results and Lessons

If judged according to the current wisdom of human resource management, the State of Wisconsin would surely rank as one of the more “reinvented” personnel systems in the nation. Decentralization of decision-making, coupled with other techniques that increase flexibility, have made the personnel system more responsive to line managers. In addition to saving time, this approach to human resource management allows the individuals who are most knowledgeable about the positions being filled to make the critical employment decisions (e.g., hiring, job assignments, position specifications, etc.)

According to internal surveys and interviews with supervisors, between 75 percent and 85 percent of the feedback from supervisors in the State reflects “high” to “very high” levels of satisfaction with the recruitment and hiring changes that have been implemented since 1992.

The flexibility provided by the overhauled classification and compensation system permits the State to announce vacancies with a wider range of pay options. Greater discretion enables managers to offer higher (i.e., more competitive) starting salaries. This phenomenon has reportedly been instrumental in increasing the applicant pool. Ongoing customer satisfaction surveys reveal that 95 percent of state agency human resource management directors believe that it has improved the State’s ability to recruit and retain qualified applicants. Likewise, empirical data indicate that broad banding has greatly slowed much of the bleeding of information technology turnover – the rate of Information Technology turnover dropped from 17 percent to 3 percent after the introduction of DCAs and pay flexibilities.

In addition, the Wisconsin experience with consensus bargaining has produced several significant success stories. One such story is the creation of an alternative dispute resolution process that has dramatically trimmed the number of formal grievances. Another story is the creation of a contract clause that permits employees who transfer to new jobs to return to their old positions within a given amount of time if they find the new situation unpalatable. A third success story is the development of a computerized

lay-off referral service that matches up workers who are removed from their jobs as a result of a “reduction in force” (RIF) action with available openings in other agencies.¹⁹ For these reasons, Wisconsin is, of all the highly unionized public jurisdictions in the United States, recognized as the undisputed leader in labor-management cooperation. The state’s labor-management reforms have been singled out for national-level awards by the International Personnel Management Association (IPMA), the National Association of State Personnel Executives (NASPE), and the Center for Public Productivity (Rutgers University), to name a few.

Wisconsin’s experiment with consensus bargaining has now existed for nearly one decade, and a considerable amount of knowledge has been gained concerning the ingredients for success. Thus, several simple lessons can be identified:

- There must be active and dedicated support from the agency leadership;
- The negotiators must be carefully chosen for their experience and temperament;
- Negotiation sessions should be problem-focused (i.e., they work serially on such topics as scheduling, sick leave, discipline, and the like);
- Representatives from both management and labor must perceive themselves as a partnership group; and
- Training is a critical contributor.

The lessons learned in Wisconsin over the years are now being chronicled for dissemination across the country. The State was able to launch “Working Together: A Model for Labor-Management Cooperation” as the result of a large grant from the Federal Mediation and Conciliation Service. This project is designed to identify and replicate examples of labor-management “best practices” within Wisconsin, to extract the underlying formula for success, and to enable individuals in other locations to create more meaningful and satisfying work relationships.

¹⁹ Robert Lavigna, “Wisconsin State Government: Attracting and Retaining the Best and Brightest,” Wisconsin Department of Employment Relations p. 17.

APPENDIX

COMPENDIUM OF HUMAN RESOURCE MANAGEMENT BEST PRACTICE REFORMS



Prepared by Steven W. Hays, PhD, University of South Carolina

Aggressive Human Resource management (HRM) reform has been an ongoing process within public agencies for nearly thirty years. The absolute number of specific reform programs is impossible to gauge. One limiting factor is the simple fact that the United States contains over **80,000** governmental jurisdictions. Every one of these city, county, state, or special purpose agencies has probably introduced some type of HRM reform in the recent past. In addition to the sheer volume of technical, legislative, and procedural revisions in civil service systems, most of the alterations are the direct byproduct of “diffusion of innovation.” That is, once a good idea has been identified and successfully implemented, the reform spreads to other public jurisdictions without much fanfare. Thus, there may be many cases in which worthy reform programs have been introduced; yet the host agencies receive little or no outside recognition from the professional community.

With these thoughts in mind, the following list of HRM Best Practices is intended to accomplish three goals.

- **To provide a framework for discussing HRM innovation.** This Compendium is intended to organize the types of HRM reforms according to their functional objectives. The traditional functions of HRM – such as recruitment, classification, compensation, performance appraisal, discipline – are all intended to promote one common objective: to make public agencies perform more effectively. They are therefore interrelated, making distinctions between different types of reform programs somewhat artificial. Nevertheless, the various “personnel functions” do provide a convenient means of conceptualizing the diverse HRM reform agenda.
- **To briefly explain the logic and content of each major thread in the HRM reform fabric.** The underlying reasons why these reforms are both necessary and worthwhile are very succinctly stated in the context of their contributions to broader HRM objectives.
- **To chronicle the specific reform programs and jurisdictions that are most noteworthy as potential models that other public agencies might seek to emulate.** This Compendium does not attempt to offer a

complete accounting for each and every reform, nor does it contain the names of every city, county, or state that might deserve recognition. Instead, the entries that are included below have been culled from an extensive review of the HRM reform literature. They are mentioned primarily because of the external recognition that they have received for their accomplishments, and/or for the perceived contributions that they make to innovation efforts.

Functional Activity: Recruitment

Ongoing reforms are intended to expedite the identification and selection of qualified applicants. Most of the efforts in this regard involve a 1) reduction in the number of recruitment steps and authorizations that must occur before placement, 2) simplified exam strategies, 3) more aggressive outreach efforts, and 4) decentralization of authority to line managers.

Reform Ideas and Programs

- Elimination of single point of entry.
- Abolition of most paper-and-pencil merit exams, expanded use of technology.
- Expanded outreach efforts targeted at high-need communities.
- Selective certification, by which agencies are empowered to hire individuals with special skills (e.g., bilingual).
- Continuous outreach in which applicants may apply for jobs at any time rather than at designated times and locations.
- On-the-spot hiring for high-need jobs.
- Highly proactive efforts to reach potential applicants and to encourage incumbent employees to assist in the search efforts.
- Financial incentives to attract needed skills.
- Early cultivation of professionals through Internships, tuition programs, job shadowing.
- Elaborate orientation programs that gently introduce employees into high-stress jobs In order to reduce anxiety, promote confidence, and enhance retention.
- Employee referrals are a superb way to fill job vacancies (90% of employees in private sector reportedly arrive through referrals).
- “User-friendly” application systems that incorporate an eclectic mix of outreach, low-stress testing strategies, and uncomplicated procedures are essential elements.
- Emulating private sector search firms.
- Expanded flexibility for the appointing authority – no arbitrary rule of three (etc); cluster recruiting that permits applicants to apply for several job categories through just one test or screening device.
- Linking recruitment priorities to Agency mission statements.

Exemplary Locations of Best Practices - Recruitment

State of Florida: Exemption of line agencies from most state rules on recruitment and selection.

State of North Carolina: County agencies permitted to obtain “delegated authority” to recruit and select under very general guidelines from the State.

States of Colorado and Georgia: Eliminated merit system.

State of South Carolina: Eliminated merit system; created central job bank of position announcements, on-line postings of all jobs; extensive use of career fairs; virtual elimination of formal exams.

Albuquerque, New Mexico: Managers allowed to accrue compensatory time for energies expended in community outreach and recruitment efforts.

New Haven, CT: Recruitment teams consisting of diverse (ethnic and gender) workers used to visit career fairs, attend public meetings, school fairs, etc.

Austin, TX: Strategic planning program that ties HRM objectives – such as recruitment – to missions and goals.

Federal Government: Recruiters given authority to make “on-the-spot” offers to job candidates with needed skills, such as RNs and engineers. The only restriction is that the applicants have 3.0 or better GPAs.

Atlanta, GA: City provides low interest mortgage loans for new workers who agree to stay a given period of time, and to locate in transitional or deteriorating neighborhoods.

Maricopa County, AZ: Community outreach program includes automatic faxes of every job opening to community and social service agencies.

State of Wisconsin: Paperless application, walk-in testing, continuous recruitment, less reliance on exams, decentralized decision authority.

State of Washington: National search efforts using all the techniques of “head-hunter” firms (paid for by charge backs to the hiring agencies.)

North Carolina County DSS Agencies: The Educational Collaborative with Universities in the state provides a pool of talent with staying power. Internship programs are part of this effort.

Fairfax County, VA: Uses continuous recruitment and web site to make job vacancies widely known. They have a university partnership that monitors a Student Unit Project.

Functional Activity: Retention and Improvement In the Quality of Life for Workers.

- Compensation
- Employee Development
- Supervisory Practices

Once recruited, public agencies often are unable to retain good workers due to unreasonable workloads, low pay, poor working conditions, unenlightened leadership, and a huge variety of “job dissatisfiers” that drive away talent. A “positive organizational climate” is probably the single greatest contributor to retention and high morale.

Public agencies once paid little attention to the intrinsic needs of their workers. Enhancements in working conditions and related components of the job context are a critical “target of opportunity” because many of these initiatives can be accomplished with a relatively small expenditure of funds. Likewise, the critical connection between supervisory practices and retention have forced a revolution in the means by which some public managers are trained, overseen, and rewarded.

Reform Ideas/Programs

- Broadbanding forms of classification and pay administration; this allows managers more flexibility in the job assignments and pay assigned to their subordinates.
- Merit pay, including pay based on skill levels (“skill-based pay”), bonus systems; longevity pay; signing bonuses.
- Employee recognition programs to heighten loyalty to the organization.
- Flextime and other types of scheduling changes that make work more attractive.
- Use of worker committees to identify problems and recommend solutions to management.
- Employee mentoring and expanded orientation periods.
- Telecommuting.
- Aids to training and employee development.
- Tuition reimbursement, on-site courses, incentives to participate in training opportunities.
- Job satisfaction surveys among workers to identify problem areas and fashion responses.
- Exit interviews to pinpoint deficiencies and/or to identify ineffective supervisory practices, job irritants, and employee suggestions for improvement.
- Embellished Employee Assistance Programs (EAPs) to support troubled workers and to provide paths to improvement.
- Reduce bureaucratic load on service providers in order to focus energies on clients and reduce job stress.
- Rotation of unpleasant assignments (on-call obligations) so as to reduce their impact on employees, especially those with families.
- Create a supportive and flexible work environment that encourages innovation, risk-taking, and reinforces the value of each individual (“changing organizational culture”.)
- Enhance employee empathy and understanding of the client community through interaction and training.
- Sensitivity training in areas such as sexual orientation, gender bias, ethnic differences, etc.
- Training the trainers in order to create an indigenous ability to introduce and perpetuate changes.
- Ensure that promotions are granted on a fair and impartial basis so as to protect the incentive and career system from serious employee dissatisfaction.
- Emulate private sector compensation approaches where applicable, such as through group incentives and shared savings plans.

Exemplary Locations of Best Practices – Retention and Improvement in the Quality of Life for Workers

City of Charlotte, NC: Line managers are given power to manage their personnel systems, and held accountable for such outcomes as worker retention. New city manager introduced a collaborative decision-making approach to administration; hiring decisions are made in a collective manner, along with priority setting.

State of South Carolina: Broadbanding in which 50 pay grades were collapsed into 10, and 2200 classifications reduced to about 500.

Maricopa County, AZ: Broadbanding; all Employee Assistance Programs (EPA) and related activities are housed under one roof for “one stop shopping” and coordination purposes.

Maricopa County and Phoenix, AZ: Recognized national leaders in conducting regular employee attitude surveys to assess problems and engineer responses.

Both are also known for very sophisticated training programs designed both to improve skills of workers and to increase managerial competencies.

State of Wisconsin: Broadbanding, along with various forms of incentive pay, equity increases, and skill-based pay.

California Department of Motor Vehicles: Comprehensive system of flextime, telecommuting, and job sharing (in which two employees split one job between them.)

Sacramento County, CA: Employee involvement in identifying mission, objectives, and program initiatives. They also have a model exit interview format.

Rochester, NY: Permits employees to reengineer their own jobs instead of following rigid classifications; compensatory time is provided to those who pursue additional education or involvement with the community.

Santa Clara County, CA: Flattened organizational hierarchy created to foster quicker decision-making and make the organizational culture more open and supportive.

Fairfax County, VA: Sponsors Professional Development Training and partners with the Virginia Institute for Social Services. The county also has a pay for performance system.

Lansing, Michigan: Model mentoring program in police department and social service agencies.

North Carolina County DSS Agencies: Variety of programs aimed at “celebrating the staff.” Retreats, recognition programs, small cash bonuses, participative management.

Madison, WI: Specialized training for employees on ingrained biases and means to recognize and reduce them.

Minneapolis, MN: Generalized training requirements on all forms of bias and the appropriate response to bias.

Albuquerque, NM: Model program for gender sensitivity training.

Savannah, GA: Focused training programs for supervisors on the critical importance of organizational culture, the necessity for an open and accepting environment, and the behaviors that can accomplish these ends.

Illinois Department of Employment Security:

Training the trainers program in which employees participate in curriculum development.

State of New York: Use of a “Promotion Index” in which candidates for advancement are assessed according to a skills “battery” and assigned a “promotability index” that is reportedly objective and widely accepted.

City of Greensboro, NC: Recognized as one of the few locations in which merit pay has been successfully implemented and managed.

City of Memphis, TN: Home of an innovative Employee Assistance Program that has reportedly cut costs 25% while greatly improving the delivery of services to the employee group.

City of Pittsburgh, CA: Employee compensation is linked to efficiency and performance standards; financial savings are shared with the employees in the relevant departments.

Durham County DSS, NC: To cut the red tape associated with service delivery, some positions have been modified and reallocated to hire support staff back-up for social workers.

Functional Activity: Performance Appraisal/Assessment

Employee dissatisfaction with the appraisal process usually rates as one of the -- if not the -- major job irritants. Failure to conduct a relatively reliable evaluation can kill motivation, and destroys all the other HRM programs on which evaluation depends, such as compensation, reward, and promotion.

Most traditional performance evaluation strategies are based upon very simplistic forms that concentrate more on personality traits than on actual job performance. Trends in HRM reform often focus on the appraisal mechanism because of its critical role in job satisfaction and in validating the outcomes of other personnel decisions. The chief trends include evaluations that are 1) tailored to the job (rather than using one instrument for multiple jobs,) 2) involve participation of the employee and other observers of performance, and 3) concentrate on measurable objectives.

Reform Ideas/Programs

- Flexible appraisal instruments that are designed for the employee being evaluated.
- The use of a “coaching” style in which the evaluation focuses on employee development objectives rather than punitive goals.
- Goals for the review cycle are decided mutually between the manager and subordinate so as to reduce misunderstanding, clarify expectations, and focus the mission.
- Goals are flexible, and the managers’ role is more to coax improvements than to judge outcomes.
- Increasingly, public agencies are asking for input from individuals who have not traditionally been involved in the appraisal process, including PEER evaluation, SUBORDINATE evaluation, and even CLIENT evaluation. When used in combination, this is known as 360-degree evaluation.
- Performance management systems that “decouple” appraisals from salary decisions, promotional opportunities, and other job outcomes are regarded as the preferred method of making the process employee-centered and developmental rather than punitive.

Exemplary Locations of Best Practices – Employee Appraisal/Assessment

Madison, WI: Traditional appraisals have been eliminated for all but probationary employees. In their place a collaborative system has been installed. This is based on individual goal-setting, leadership training, and employee involvement that extends to permitting workers to choose their own supervisors (within limits.)

State of South Carolina Employee Performance Management System (EPMS): This strategy combines coaching and collaboration with the use of a form that is universally applied to workers. The manager and employee meet at the beginning of the review cycle, agree on critical job duties, job objectives, and special assignments for the next year. Ultimately, they are judged on the basis of these performance objectives that they helped to establish.

State of Washington: The most celebrated success with appraisal reform has occurred in Washington. Their approach incorporates almost all of the elements of the current wisdom, and is perceived as a model that others should emulate.

City of Austin, TX: Austin conducts a model program of strategic alignment between HRM and other city goals. This program is apparent in the evaluation process, where objective performance criteria for each department and subdivision are broken down into Individual goals for each worker. These objectives then form the basis for appraisals.

State of Oklahoma: This state has merged its training objectives with employee evaluations by creating a competency-based employee development program. Workers who are provided with training are ultimately assessed according to the new competencies that they acquired during training and related activities.

State of Iowa: Iowa is a prime example of a progressive HRM system in which the authority to design evaluation strategies has been decentralized to agencies. Also, the state aggressively links evaluations to training and employee development, and has exempted the training budget from cuts in other areas.

City of Phoenix, AZ: The only documented case of 360-degree evaluation that is not voluntary (a voluntary program exists in the State of Washington.)

Functional Activity: Labor Management Cooperation

More than 30 states now recognize the right of civil servants to bargain collectively over managerial prerogatives. A smaller number permit negotiations over salary, fringe benefits, and other critical terms of employment. White-collar workers are the fastest growing group of union members, and a huge percentage of recent efforts to organize workers have focused on public agencies. To the extent that these forces can be harnessed to the mutual benefit of both management and labor, all public agencies will benefit.

The American labor force has traditionally co-existed with management in an adversarial posture. Our culture does not promote cooperation, yet current demands on public agencies require a more participative approach to problem solving. Labor-management cooperation that is engineered through formal unions is viewed not only as an asset, but an absolute necessity if we are going to resolve the daunting tasks that confront us. As such, unions are often viewed as a potential ally in the effort to upgrade government operations, to introduce change, and to conceptualize and implement needed innovations.

Reform Ideas/Programs

- **Productivity Bargaining** – One common suggestion is that unions should “trade” wage increases and other concessions for increased output. For instances, a union might agree to a 5% increase in productivity (e.g., cases resolved, garbage collected) at the same staffing level; in exchange, the managers might agree to substantial compensation enhancements.
- **Win-Win (Consensus) Bargaining** – A far more comprehensive approach to Labor-Management cooperation is for the two groups to collaborate in a committee structure in order to solve problems and forge agreements that promote the interests of both parties.

Exemplary Locations of Best Practices – Labor Management Cooperation

State of Wisconsin: Wisconsin’s approach to consensus bargaining is built on labor-management committees, and involves significant amounts of training for all parties that promote negotiating skills and a sense of their mutuality of interests. Through such measures, the State has been able to avoid labor strife in recent years, and to forge workable agreements in a variety of contentious areas such as: sick leave, disciplinary procedures, scheduling, Labor representation in hiring decisions, the use of self-directed work teams, and reductions in sick leave and absenteeism.

State of California: Various agencies such as the DMV and Public Safety. Some of the larger agencies in CA employ collaborative teams within the collective bargaining context. The stated goal is to “empower” everyone by making labor and management equal (more or less). Some of the stated benefits include the encouragement of innovation, the freedom to take risks, and far more attention to customer service objectives (clients are even included in employment selection decisions in some cases).

Marion County, Oregon: This county is known for its partnership between a large union and management representatives. In effect, the two parties have agreed to an absolute cap on labor costs while giving the union flexibility to bargain changes in salary, insurance, and other benefits. The current contract allows for a maximum of 6% increase in labor costs, thereby giving the employees incentives to keep their benefit costs (e.g., health insurance) low so as to maximize any raise that might be allowable under the cap.

State of New York: Due to its high level of union membership, New York has been one of the primary places of experimentation with varying approaches to consensus and productivity bargaining. The record to date has been spotty, but the ongoing effort continues. New York’s experiences can be very useful to anyone wishing to explore the risks and rewards of labor-management participation.

Functional Activity: Altering the Role of the Human Resources Office

Almost any HRM reform will depend upon changes in the way that Offices of Human Resources (OHRs) approach their roles. Old emphases on control and procedures must be replaced with a more proactive focus.

The new approach to civil service reform is to transform the OHR into an ally of line management. This concept is based on the notion that HRM has never really had a “place at the table” with other managers because it has been dominated by its emphasis on procedures over outcomes and efficiency. Steps toward accomplishing this ambitious objective are evident in the reforms that have occurred in several areas.

Reform Ideas/Programs

- **The HRM Generalist** – Instead of staffing the OHR with narrow specialists, the new model calls for personnel practitioners who are generalists – “jacks-of-all trades” –able to serve line managers in the role of consultants. As such, they are assigned to various agencies and expected to provide an array of services that enhance the achievement of agency goals.
- **Decentralized HRM Functions** – Another component of the new administrative paradigm requires that centralized supervision of staffing functions be delegated to line agencies. The underlying premise is that those who are closest to the problem or situation are best able to fashion responses and solutions. Agencies are expected to assume responsibility over the functions — recruitment, evaluation, and classification – that once were strictly controlled by a central OHR.
- **Strategic Alignment of HRM with Other Agency Missions & Goals** - To maximize the utility of HRM services, recruitment and other activities must be integrated into the agency’s planning structure. Through a coordinated approach, the HRM function can reach its true potential as an ally/complement to line management.
- **Service and Planning Orientation** – Simply stated, HRM functions are expected to adopt a new conception that emphasizes service to line management. Sensitivity to the contribution to bottom-line objectives is implied. It also involves elimination of traditional emphases on rule enforcement.
- **The “IBM Model”** – The steps identified above are known as the IBM Model. IBM’s HRM function adopted a service orientation grounded in a generalist role for HRM practitioners. The company’s operations were decentralized long ago, before such measures were fashionable elsewhere.

Exemplary Locations of Best Practices – Altering the role of Human Resource Offices

State of South Carolina OHR: Of all the fifty states, South Carolina’s HRM function most closely fits the new model. Its operations have been completely decentralized, the old specialists have been cross-trained and now serve as “consultants” to other agencies, and service to line management is the over-riding concern.

City of Austin, TX: Austin’s approach to HRM reform is perhaps the most notable example of “strategic alignment” of HRM with other organizational goals. The HRM staff participates in an annual planning exercise (a “planning pyramid”) that incorporates all phases of the HRM function. The resulting goals and missions are broken down at the departmental level through additional planning teams. Each department creates a “business plan” in which HRM objectives (staffing, reclassifications, personnel ceilings) are integrated.

State of Virginia: By reputation, this state operates a highly decentralized HRM function much like South Carolina’s.

Federal Agencies: Under the auspices of the National Performance Review (NPR), HRM functions within most federal agencies have been empowered by the Office of Personnel Management to perform almost all of the tasks that had been centralized prior to the 1990s. Decentralization is a fact of life in most functional areas, such as recruitment, testing, classification, and the like.

Sacramento County, CA: This location is especially notable for the change process that is being marshaled and guided by the HRM function. By conducting research and examining programmatic options, the OHR has become an engine of reform for the entire county.

City of San Jose, CA: San Jose is one of a number of California jurisdictions that has adopted the IBM Model to more effectively deliver HRM services to agencies. Due to the City’s high rate of unionization, it represents an interesting example of decentralization within an otherwise hostile context.

APPENDIX

ACKNOWLEDGEMENTS and INFORMATION SOURCES



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