



# The Changing Role of the Human Resource Office

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Calls for reform of civil service systems and for a redefinition of the role of public sector human resource offices have been a perennial part of the dialogue about public management. From before the Civil Service Reform Act of 1978 through the National Performance Review in the 1990s to the present Bush administration's management agenda, reformers have argued that human resource offices should move away from their traditional role, with its focus on routine processing of personnel transactions and on control and enforcement of rigid civil service laws (West, 2002). They have been exhorted, rather, to take on new roles more aligned with the mission of the agency or organization and more responsive to management's needs. The trend, however, is "toward a strategic balance between centralized and decentralized structures . . . [that is, toward] a middle ground of strategic balance and sharing" (Ingraham, Joyce, and Donahue, 2003, p. 82). This chapter will explore the reasons for these calls for change and the specific critiques of the traditional personnel office roles. It will present three related models for reform. Finally, it will look at three factors now affecting how human resource offices define their roles and do their work.

Before we turn to the issue of new roles for the human resource office, it is useful to look briefly at the context for this discussion: the structure of the personnel process in the public sector. In the private sector, each business or organization is free to establish its own personnel system, although it must work within the constraints posed by a growing body of employment law governing

such issues as affirmative action, labor relations, rights of the disabled, and family and medical leave. In the public sector, traditionally, individual agencies have had little freedom to design their own personnel systems; they must operate within civil service laws. Traditional civil service systems were complex and highly formalized and stressed uniformity rather than flexibility. Also, traditionally, a centralized body, such as a civil service commission or, at the federal level, the U.S. Office of Personnel Management, not only set the rules but also actually administered the system, developing and administering civil service examinations for hiring and promotion and establishing pay policy, among other functions. These centralized organizations also had the responsibility of oversight over agency personnel offices. As we shall see, the role of these centralized organizations is changing, in many jurisdictions, as a result of reforms designed to deregulate and decentralize the personnel function. Those reforms are key to understanding the changing role of agency personnel offices.

## **WHAT IS THE PROBLEM? NEGATIVE IMAGES OF THE PERSONNEL OFFICE**

The traditional role of the personnel office in government, as it evolved since the creation of civil service systems in the late nineteenth century, emphasized two functions: routine processing of administrative procedures, such as payroll and retirement, and enforcement of an increasingly convoluted set of laws, rules, and regulations governing the civil service system. Managers became increasingly dissatisfied both with the restrictions posed by this system and with the service they received from personnelists. They critiqued the inefficiency with which routine processing was managed. More important, they were strongly critical of the negative stance of personnelists, their heavy focus on compliance, and their tendency to be “naysayers,” that is, to tell managers that they can’t do what they want rather than helping them find a way to meet their goals within the system. Past criticisms of personnel offices focused on “personnel staff’s excessive concern with strict compliance with the rules and procedures rather than results” and from “lack of sufficient staff resources in the personnel office” and “lack of sufficient skill in the personnel staff” (U.S. Merit Systems Protection Board, 1993, p. 21).

These critiques of the traditional personnel system reached back decades. Alan Campbell, who spearheaded the effort that led to the Civil Service Reform Act of 1978 and who became the first head of the U.S. Office of Personnel Management, excoriated personnelists for “rigidity, inflexibility, and a turn of mind . . . that thinks in terms of protecting the system; can’t do, rather than can do” (1978,

p. 61). At the heart of the problem was a deep-seated role conflict between personnelists and line managers. As I have said elsewhere (Ban, 1995, p. 91):

Personnel staff saw themselves as the “keepers of the flame,” charged with preserving merit in the merit system—a probably accurate reflection of congressional intent. This view of their role was also instilled by their socialization, both inside most agencies and particularly in training given by the Office of Personnel Management (OPM) and its predecessor, the Civil Service Commission (CSC), which reinforced in budding personnelists an adversarial view of the system. They were conditioned to see managers as the people asking them to break the rules—to violate the merit system.

In addition to tensions resulting from this traditional compliance function, conflict has arisen because personnel offices serve multiple clients; they work for managers but also for employees themselves. Thus they risk being seen as either “management tool or employee advocate” (Straus, 1987).

### THREE MODELS OF REFORM

While reformers’ descriptions of the problems with the traditional system have much in common, over the years they have proposed a range of new roles for the personnel office. Reform can differ along three dimensions. First, reform proposals may focus on how the personnel office does its work. The first model, which I term the *customer service model*, assumes that the personnel office will perform most or all of the usual functions but exhorts personnelists to do what they do better and faster, recognizing that the manager is their key customer.

Second, reform may focus on the functions of the personnel office. Model 2, which I term the *organization development and consulting model*, urges personnelists to take on new functions within the organization, serving as internal consultants to managers on a wide range of organizational issues. This approach is sometimes combined with the suggestion that personnel offices give up some of their traditional functions.

Finally, reform can focus on where the personnel office sits within the organization—on its power and role in organizational policy. In the third model, the *strategic human resource management model*, the role of the personnel office is to support the strategic mission of the organization or agency as a whole. To meet that goal, human resource (HR) leaders are urged to act as full members of the management team, linking personnel and HR policy to agency mission, goals, and policy.

Although it makes sense to separate out these strands of reform for analytical purposes, in fact they are often intertwined, with organizations pursuing reform

along two or three of these dimensions simultaneously. Thus as we examine each model, it is important to look at the way that strategies for change reinforce or conflict with each other.

### Model 1: Customer Service

Scholars and advocates for reform have articulated the customer service model for more than three decades (Balk, 1969; Campbell, 1978; Nalbandian, 1981). Quite simply, they urged personnelists to do what they do better and faster and to be more responsive to the needs of managers. More specifically, this means improving accuracy and speed in processing routine administrative actions. It also means taking a more positive attitude toward managers' requests, helping them find creative ways to do things within the constraints of the system instead of simply saying no.

### Model 1 Change Strategies

As we have seen, both managers and scholars have recognized that much of the problem is inherent in the rules and regulations within which personnelists are forced to work. Thus a key thrust of reform proposals is to deregulate civil service systems (National Academy of Public Administration, 2000). At the federal level, this was a central theme of the Clinton-Gore efforts at reinventing government. The report of the National Performance Review (NPR) critiqued the excessive complexity and rigidity of civil service regulation and argued that "we must enable all managers to pursue their missions, freed from the cumbersome red tape of current personnel rules" (1993, p. 22). Indeed, one of the first actions taken under the NPR was to abolish the federal government's ten-thousand-page *Federal Personnel Manual* (Ban, 1998).

The push to deregulate is not partisan. Although the present Bush administration reversed some of the innovations of the NPR, especially in labor-management relations, the push to deregulate continues to be a central theme of federal reform efforts, although the focus is currently on agency-by-agency rather than systemwide reform.

Advocates of state-level reform have also focused on the need to deregulate. For example, the National Commission on the State and Local Public Service (known as the Winter Commission, after its chair, William Winter, a former governor of Mississippi) decried "rule-bound and complicated systems" and argued that "we must not be so hidebound in order to protect against failure that we quash the spirit of innovation" (p. 25). Recent reforms in several states have stressed both deregulation and decentralization.

Efforts to improve customer service have focused on several specific strategies. Among them are rethinking the structure and culture of the personnel office, upgrading the training personnelists receive, and relying more heavily on technology to improve service. The 1990s saw the introduction of Total Quality

Management (TQM) in personnel offices in both the federal government and in state and local governments (Berman, 1997). TQM encouraged personnel staff to examine their relationships with their customers and to set measurable goals for their work. It also stressed restructuring work, with a movement away from narrow specialization toward a more generalist approach, with cross-training so that one staff person or a team could follow through all the related steps of a complex personnel action and could build ongoing relationships with a specific group of customers (Barzelay, 1992). TQM can be seen as one among a series of management trends, and it is no longer the hot new thing. But even though many organizations have moved on to newer reforms, the core values of TQM continue to shape the strategies for introducing or reinforcing a customer service focus among personnel staff.

Whereas TQM focuses on building teamwork among staff members, different organizations and jurisdictions have taken quite different approaches to restructuring to improve service. Many proposals for change have stressed the need to decentralize the HR function down to the operating level in order to give managers the service they need. Both the NPR and the Winter Commission expressly called for decentralization, and the NPR reforms resulted in virtually eliminating the central role of OPM and delegating responsibility for hiring, across the board, to individual agencies (U.S. Merit Systems Protection Board, 2002a). Yet some research (Ban, 1995; National Academy of Public Administration, 1996) has shown that centralized personnel functions, if well managed, can provide high-quality service. Indeed, one of the ways many federal agencies have coped with cuts in the size of HR staff has been to eliminate many local HR offices and to consolidate service in regional or national offices (Ban, 1998).

Improving customer service may also require upgrading the skills of the personnel staff. Past studies (U.S. Merit Systems Protection Board, 1993) found not only that managers felt that the personnel specialists they dealt with were underprepared but also that more than half the personnel staff members themselves felt that they lacked the skills or training they needed. These skill deficits have been exacerbated by the very low staffing levels in many personnel offices. But increasing personnel staff numbers is not a viable option in most jurisdictions. At the federal level, one of the legacies of the Clinton years is a sharp reduction in the number of HR staff (Ban, 1998), and there is no indication that the Bush administration intends to reverse that trend. State and local governments, many of which are facing severe budget pressures, are also not likely to invest in larger HR staffs. And the funds necessary to train new HR staff members or to upgrade the skills of existing staff are also often in short supply.

At the same time, the demands for customer service have increased, particularly at the federal level, with the delegation of hiring to the agencies. This is a significant increase in responsibilities, and it comes at a time when many agencies are increasing their hiring and just as a wave of retirements is about

to hit. In particular, HR offices now have to recruit actively, to develop assessment methods specific to their agencies, and to rate and rank candidates. At the same time they are under intense pressure to speed up the hiring process (U.S. Merit Systems Protection Board, 1999, 2002a).

The increasing demands for customer service, coupled with the increase use of technology to provide service, have led to a recognition that better service will result if HR offices are staffed by generalists rather than specialists and by people with a “combination of people skills and technical skills”; these people, however, are not easy to find (West and Berman, 2001).

### **Model 2: Organization Development and Consulting**

Model 2 poses even greater challenges than model 1, since it requires the HR office to expand its services beyond the traditional narrow definition of the personnel function. Further, the personnel staff must offer these new services on a voluntary basis, relying on requests from their customers, that is, from managers. This requires a very different relationship with management than the old oversight function does and thus a far greater culture change for personnel staff. Moreover, model 2 requires staff with a whole new range of skills and knowledge. Staffing and classification specialists don't automatically know how to conduct employee surveys or how to counsel managers on strategies for restructuring their operations or improving productivity.

The potential for conflict with traditional roles is, of course, also greater with model 2. One study of civil service reform at the state level pointed out the difficulty of reconciling these roles and quoted a personnel director making the parallel between centralized civil service operations and centralized oversight of finance: “I assure you that when folks have a difficult question about a financial decision, they don't call the state auditor. They call somebody who will help them decide what the state auditor might say. Balancing performance review with being consultative is difficult because it will mean that it will be in the agencies' best interest to hide all difficult or questionable decisions instead of seeking advice” (Carnevale, Housel, and Riley, 1995, p. 25).

One approach, then, is to separate the two functions organizationally, with a personnel unit performing the traditional functions and an HR unit providing consulting services to managers. Another approach is franchising or outsourcing of the routine personnel functions. The argument is that this will save money via economies of scale and free internal resources for providing consulting services.

Another strategy linked both to improved customer service and to changing roles for the personnel office is delegation of greater authority over personnel decisions to line managers. The intention is to empower managers, letting them perform basic personnel functions, such as classifying positions. The U.S. Merit Systems Protection Board (2002c) has called for giving managers “levels of au-

thority commensurate with their human capital responsibilities” (p. 14) and for simplifying the classification system so as to “permit managers to assign work and set pay based on the particular competencies and performance of the candidate or employee” (p. 13).

At the same time, in theory, delegation of authority should lead to a changed role for personnelists, who are no longer the controllers and who become consultants helping managers exercise their new authority. Some managers will clearly welcome the freedom to “do it yourself.” But as Nigro (1990, p. 195) has put it, this approach “imposes extraordinary demands on administrators while saying very little about how they should go about meeting this challenge.” Particularly at a time when, in the federal government, managerial ranks are being thinned and spans of control broadened, asking managers not only to supervise more people but also to take on responsibility for personnel functions may make them feel overburdened and resentful. Indeed, some managers have rejected taking on broader HR authority (Ban, 1995).

### **Model 3: Strategic Human Resource Management**

The third model focuses on a strategic human resource management approach. This envisions not only a changed role for the HR office but also a changed way of thinking about HR’s primary responsibility. No longer should the focus be only on carrying out the rules and regulations; the new charge is to support the mission of the organization. The strategic approach to HR also entails a new power relationship within the organization, with the senior HR staff functioning as part of the management team, sitting at the table with top management when major policy or program decisions are being made and ensuring that HR implications are considered. In sum, HR is no longer simply handling routine tasks or providing consulting services on a voluntary basis. Rather, the HR organization becomes a major player—an integral part of the strategic planning process (Office of Personnel Management, 1999).

Recently, the terminology has shifted, particularly at the federal level, and this approach is now termed the “human capital” approach. Human capital is defined as “the know-how, skills, and capabilities of individuals in an organization,” which is seen as the most important resource, particularly for knowledge-based organizations (Lengnick-Hall and Lengnick-Hall, 2003, p. 3). The movement to this new terminology was explicitly addressed in a recent publication of the U.S. Merit Systems Protection Board. In an article titled “New Terminology Highlights Need for Change” (2002b, p. 1), the board gave the following explanation for adopting the term: “The term focuses the highest level of management attention on managing agency resources. It connotes a strong relationship to financial resources which easily captures managers’ attention.” Salaries and benefits, it points out, are “often our number one expense, but the federal government has not spent sufficient effort managing this important asset.”

The human capital challenge has been identified by the General Accounting Office (2001) as a high-risk area for the federal government, and strategic management of human capital is one of the five governmentwide initiatives of the President's Management Agenda (Office of Management and Budget, 2002).

Model 3 differs from model 2 in both level of involvement and scope of issues covered. The consulting provided under model 2 is targeted to operating levels, with personnel specialists working with individual line managers to solve organizational problems. In model 3, HR staff are working at the very top of the organization, hand in hand with senior managers. The scope of the issues covered also varies. Model 2 personnelists are typically working on short-term operational planning and consulting. In model 3, the focus is longer-term and proactive, with HR specialists charged with advancing the management agenda and avoiding future problems through strategic planning, including projecting future staffing needs.

Jonathan Tompkins (2002) makes clear that alignment of HR with strategic planning is challenging. He identifies five core requirements (p. 96):

1. An established strategic planning process
2. Involvement of the HR director in the strategic planning process and full consideration of the personnel-related implications of the strategic objectives or initiatives under discussion
3. A clear statement, written or unwritten, of each agency's mission and the strategic objectives to be achieved in pursuit of the mission
4. The vertical alignment of personnel policies and practices with an agency's mission and strategic objectives and the horizontal integration of personnel policies and practices with each other
5. A personnel office whose organizational role and structure are consistent with and contribute to the attainment of the agency's mission and strategic objectives

In the federal government, strategic planning has been driven by the requirements of the Government Performance and Results Act of 1993 (Office of Personnel Management, 1999). By the mid-1990s, roughly 60 percent of states said that they had some strategic planning in place (Berry and Wechsler, 1995). Involvement of the HR director and staff in the planning process is, however, mixed. In the federal government, according to an Office of Personnel Management study (1999), this has traditionally been a problem: "Historically, members of the HR community have remarked on the difficulty they have had 'getting to the table' with top agency management. Rather than being involved in agency planning from the beginning, HR is commonly consulted after decisions have been made in order to help implement any major changes. Considering the invaluable perspective HR has on how decisions will impact agency

resources, HR professionals have been frustrated that they are not involved sooner in the planning process” (p. 9). OPM’s survey of current practice showed that 79 percent of agencies indicated that they played some role in the strategic planning process but that the actual roles varied, with only a few acting as fully integrated team members.

The OPM report describes several key areas where HR can contribute to planning and align with agency mission. They include helping agencies plan and implement reorganizations, developing workforce planning processes, and linking performance management (performance appraisal) to mission accomplishment.

### Model 3 Change Strategies

Moving to model 3 requires a rethinking of the operating approach of the HR office. Three key issues are the way HR offices collect and use data, the relationship between the HR director and top agency management, and the skills of HR staff.

In a business environment, becoming a “strategic partner” means, in the words of one business leader, that “HR must become bottom-line valid. . . . The HR function must perform in a measurable and accountable way for the business to reach its objectives” (Caudron, 1994, p. 54). That bottom-line focus is difficult to transfer to the public sector, in part because of the absence of a clear metric. It is difficult to demonstrate the effectiveness of human resource management and its impact on the agency’s ability to achieve its mission. Further, HR staff are used to measuring processes rather than outcomes. The 1999 OPM study found that few agencies identified HR management measures in their strategic plans. Only 29 percent included any measures, but even among those, the measures were not often robust. As the survey points out, solid measurement is central to the acceptance of HR’s strategic role: “In the end, HR can only determine its value to the organization by measuring it” (p. 18). HR offices need not only to think strategically but also to develop sophisticated metrics to help organizations track the impact of their HR strategies.

In addition, as we have seen, strategic HR requires that top HR management have a seat at the table and be included in strategic planning throughout the process, rather than being brought in at the end to help implement a plan that is already set. This requires developing a relationship of trust and confidence on both sides. As Tompkins (2002) points out, “Many personnel directors have been slow to insist upon a strategic role because their professional training has not prepared them to perform such a role. Training in personnel management tends to emphasize the administration of personnel systems rather than general management or organizational development” (pp. 100–101).

Further, the top management team, usually composed of political appointees, may be hesitant to bring the HR director, usually a career civil servant with long service, into the inner circle of discussions regarding agency goals. The Homeland

Security Act of 2002 included a number of governmentwide HR provisions, including the creation of “chief human capital officers” (CHCOs) in every agency. The goal was to elevate consideration of human capital issues and to ensure that they would be taken seriously within the agencies. It is interesting that as the law is being implemented, the majority of the CHCOs are not the agency HR directors, and many of them are political appointees.

Finally, taking on the new, broader responsibilities of strategic HR management requires a new skill set for the whole HR staff, as well as, possibly, a new organizational structure. As Tompkins (2002) points out, the personnel office “must develop staff expertise in job design, organizational development, change management, employee motivation, and human resource theory. The personnel staff must also develop knowledge of general management, agency mission, and the specific personnel problems facing managers. Whether this strategic role should be assigned to a special unit within the personnel office or should be expected of all personnel staff remains an unanswered question. Because the strategic and operational roles of the personnel office are contradictory in many respects, performing both roles in an integrated fashion will remain an ongoing challenge” (p. 104).

## KEY FACTORS DRIVING CHANGE

Movement toward a broader role for personnel offices is being driven by three key factors: structural reforms; the trend toward privatization of government functions, including HR; and the adoption of new technology.

### Structural Reform

Both the federal government and many state and local governments have, over the past decade, adopted dramatically different organizational structures, reflecting changes in mission or budget or changing approaches to organizing and managing work. In the federal government, one legacy of the Clinton administration was the complete decentralization of the hiring process. Over its history, the federal civil service has gone through waves of centralization and decentralization (Ban and Marzotto, 1984). The current change is by far the most drastic decentralization ever. Virtually all recruitment and assessment of candidates is being done by the individual agencies’ personnel offices (U.S. Merit Systems Protection Board, 2002a).

This change has had the obvious impact of increasing the workload of HR offices, sometimes dramatically, at a time when they have suffered from severe cuts in staff. The pressure on the HR offices will only increase as the predicted wave of retirements hits and agencies increase their hiring in response. Many HR offices, particularly in smaller agencies, do not have staff who are experienced

in aggressive recruiting or in developing assessment instruments. The Office of Personnel Management, which used to design and administer formal tests centrally, will provide technical support to agencies, but only on a cost-reimbursable basis, further disadvantaging small agencies with limited budgets. Some agencies have turned to external consultants for assistance, while others have retrained existing staff to take on these duties, and some have actually reversed the past trend and have increased staffing in their HR offices to respond to these severe pressures.

Some federal agencies are taking much more dramatic steps to reform their personnel systems. The federal civil service system is codified in law as Title 5. Rather than tackling reform of the full civil service system, which was seen as politically impossible, past administrations have whittled away at the system in a piecemeal disaggregation strategy, through use of demonstration projects, which then become permanent changes, and through laws exempting individual agencies from the Title 5 system (Ban, 1998; Thompson, 2001). That trend has accelerated under the Bush administration, with the creation of the Department of Homeland Security (DHS), which was given the authority to develop its own system, and with passage in 2003 of a law giving the Department of Defense (DOD) authority to develop a new “national security personnel system.” Although both agencies are still technically subject to Title 5, they are in a new category of “alternative personnel systems” not bound by the traditional Title 5 systems.

Both agencies with demonstration projects and those that have been granted the right to develop their own systems have tried out some creative new approaches to HR strategies, including broadbanded compensation systems, which were a central part of the very first federal demonstration project, in two Navy labs and categorical rankings (also called zone scoring or band scoring) as an alternative to the rule of three, piloted in a demonstration project in the Department of Agriculture. These new approaches require a sophisticated HR capability to design the systems and to work with line managers to make them work well in support of the agency’s mission. As of this writing, regulations implementing new systems for DHS and DOD are being drafted. Although they have not yet been released for public comment, early proposals included some dramatic new approaches, some of which are being discussed as models for governmentwide reform in the future.

State governments have also been undergoing considerable changes, with a few states moving dramatically away from traditional civil service systems, some states maintaining very traditional systems, and the majority of states opting for more modest reforms. The most drastic changes have been in the states of Georgia and Florida. During the 1990s, Georgia instituted two reforms. The first, GeorgiaGain™, introduced a new performance management and pay-for-performance system. It also included movement to fewer and broader pay grades and to pay levels more competitive with the market. The second reform, designed to increase both

productivity and bureaucratic responsiveness, removed all civil service protections for all employees hired after July 1, 1996. These new hires are considered “at will” employees, without the job security of traditional civil service employees (Nigro and Kellough, forthcoming; Kellough and Nigro, 2002; West, 2002).

The Georgia reforms also “emphasized decentralization and deregulation of human resources management by giving state agencies wide discretion and flexibility in managing their personnel systems” (Nigro and Kellough, forthcoming). Agencies are now responsible for much of position classification, as well as for recruiting and assessing job candidates.

The new systems have received mixed reviews from Georgia state workers. In particular, GeorgiaGain™ did not have high credibility; only about half of the respondents in a survey of state employees reported seeing “their most recent performance ratings as accurately reflecting their performances” (Kellough and Nigro, 2002, p.153), and there was, at a more general level, very little support for the concept of pay for performance as a good way to motivate state workers.

GeorgiaGain™ put some pressure on operating personnel offices. Elimination of the central civil service system imposed even greater responsibilities and pressure, as hiring was totally decentralized. As one study of this transition pointed out, “Agencies unaccustomed to the ethical and practical entanglements of recruitment, selection, and termination were suddenly afforded the opportunity to manage their own personnel systems” (Kuykendall and Facer, 2002, p.135). Agency HR workload increased dramatically as HR departments took over hiring. At the same time, state workers’ loss of civil service job protection did lead to a sharp increase in terminations, with one agency director estimating that the annual termination rate doubled between 1996 and February 2000 (Kuykendall and Facer, 2002).

The view from the perspective of the director of a Georgia agency personnel office is somewhat different. He sees the reform as moving the state away from a cumbersome and slow centralized hiring system and reports that decentralization, in combination with improved technical efficiencies, has drastically shortened the time for hiring. He also sees the reforms as changing the relationship between the merit system (the central personnel agency) and operating agencies. As he explains, “The postreform role of the merit system . . . is one of being a partner in assisting our HR function in providing sound, professional HR services,” which requires the central agency to move “from a regulatory culture to a consultant culture” (Lasseter, 2002, p. 129).

Reform in Florida was even more dramatic. Service First, passed in 2001, made changes in three areas. It removed all supervisors from the civil service and made them at-will employees immediately (with no grandfathering, as in Georgia). It moved the state to a broadbanded classification and pay system. And it eliminated the concept of seniority for nearly everyone in the state system (Walters, 2002; Bowman, Gertz, Gertz, and Williams, 2003; Bowman, West,

and Gertz, forthcoming). This reform remains highly controversial. Critics have predicted a return to the spoils system, “when political patronage, party loyalty, and partisan ideology superceded job performance” (Bowman, West, Berman, Klingner, and Menzel, 2001).

Florida had already decentralized much of the personnel functions, including hiring, and had moved away from reliance on written tests toward assessment of knowledge, skills, and abilities. The screening method had the effect of eliminating both the traditional rule of three and veterans’ preference (Walters, 2002). But Service First led to a much more dramatic restructuring of the personnel function. As Walters notes, “Part of the Service First reforms included substantial privatization of some key HR functions. Advertising job openings, as well as some of the recruitment and training done in Florida, is being handed over to a private contractor” (p. 32). Bowman and his colleagues (forthcoming) raise some serious concerns about this privatization by the 2002 legislature. As they point out, “The new private contract employees administering the hiring process, who lack job security and a public service ethos, are not as likely as career civil servants to vigorously enforce merit-based employment standards in the face of political pressure. Too, this reform is expected to take one-half of the time [previously] needed to hire an applicant (partly because of the deletion of documentation requirements demonstrating why competing candidates were not selected). Taken together, these developments may interact in ways to significantly damage what remains of the career service.”

Some other states are considering HR reform, either to reduce the number of employees with civil service protections or to introduce greater flexibility into the system (Selden, Ingraham, and Jacobson, 2001). A comprehensive effort to assess the quality of HR in both states and cities documented a wide range of approaches. Many jurisdictions continue to rely on traditional centralized civil service systems. In fact, some cities have never gotten to that stage and are still mired in patronage politics. For example, in twenty-six states, “hiring is delegated to the agency level, but there are central guidelines for designing procedures” (Ingraham, Joyce, and Donahue, 2003, p. 83). And a number of states are engaging in serious workforce planning. However, few cities had the capacity to do so. This can be taken as indirect evidence that in some states, human resource professionals are moving toward a more strategic HR approach.

### **The Impact of Privatization**

Structural reform may drive changes in the role of the personnel office, but change may also be the result of another trend—toward privatization of government functions. That can be a direct impact, when actual HR functions are themselves privatized, as in Florida, as well as an indirect impact on the work of the HR office when the agency relies to a greater extent on contracts with third parties to do the work of the agency.

The private sector has relied more and more in recent years on contracting out many internal functions. That trend has now also reached the public sector. Indeed, for small organizations or jurisdictions, maintaining capacity in all areas of HR is not cost-effective. In the federal government, a few agencies, such as the Department of Agriculture, have, in essence, gone into business providing these services for other agencies (Ban, 1995). And an increasing number of private firms have sprung up to provide virtually the full range of HR services (Fernandez, Lowman, and Rainey, 2002). Of course, this affects the role of the personnel office. It may free up agency HR staff from routine processing so that they can move to a higher level, providing organizational consulting and strategic planning support. But if the staff consist largely of low-level employees hired to do routine processing, then contracting out may result in a mismatch between current staff and HR aspirations. In fact, it is not uncommon for agencies to turn to contractors for those higher functions, such as organizational development and management consulting (Fernandez, Lowman, and Rainey, 2002).

Contracting out may also affect relationships with clients and the level of service delivered. Some functions are tailor-made for contracting out. For example, many agencies provide employee assistance programs through contracts. Knowing that the counselor does not work directly for the agency may increase the employees' trust in confidentiality. However, many employees are used to being able to sit down and confer face-to-face with an HR specialist about issues of concern. Having to consult over the phone or by e-mail may be less satisfying personally. And it creates tensions with HR staff still working within the agency, who have to refer workers seeking help to an outside contractor rather than being able to give that assistance themselves. This problem is exacerbated when agencies (such as the Transportation Security Agency, at present) use multiple contractors for different functions, creating a sometimes frustrating problem of coordination for the small HR staffs within the agency.

The economic logic of contracting out may also be at odds with the rhetoric of deregulation and decentralization. The advocates of deregulation argue that it will permit agencies to develop systems that meet their unique needs and that fit their mission and culture. But contractors are likely to push their clients toward "plain vanilla" systems, as it will be easier and more cost-efficient for them to manage relatively standardized systems rather than ones tailored specifically for different organizations. This reflects the obvious impact of moving from an organization with a service orientation to one focused on profit maximization (Ewosh, 1999).

Contracting out of a significant percentage of the work of the organization also has broad implications for the personnel office. It may result in a significantly smaller workload as the contractors become responsible for hiring, paying, assessing, and providing benefits to their own employees. In general,

“Governmental officials may have to face the problem that contracting out may result in loss of control over vital organizational functions such as recruitment, staffing, and training” (Fernandez, Lowman, and Rainey, 2002. p. 239).

Relying on contractors may also complicate the ability of HR to assist in strategic planning, since the HR office is unlikely to have the detailed information about the contractors’ workforces to know whether the contractors are engaging in employee development or succession planning (Fernandez, Lowman, and Rainey, 2002). HR offices may, in fact, be called on to manage a reduction in force, as the government workforce is reduced when major functions are contracted out (Fernandez, Lowman, and Rainey, 2002). The net result, at the end of the process, could be a marginalization of the HR office, which is reduced to a very small office handling traditional functions for a staff largely responsible for managing contractors.

### The Promise and Problems of Technology

There is no doubt that personnel work, like virtually all work, has been changed by the advent of new technology. And this change is so rapid that it is very difficult to track. Technology has affected all aspects of human resource management, with the greatest effects on routine processing, including benefits administration, payroll, and employment records generally (West and Berman, 2001). More recent developments include technology applications in the hiring process, including online posting of vacancies, computerized or online testing and application, and computerized scoring or sorting of applicants (Mooney, 2002). Both HR specialists and line managers are also using new software that assists in performance appraisals and in position classification. Training is increasingly delivered online. And current integrated systems allow managers to track key agency indicators, such as workforce trends, and to link workforce analysis with budget analysis (Ashbaugh and Miranda, 2002; Shiplett and Sutton, 2002; National Academy of Public Administration, 2000).

Technology has certainly had positive effects on how personnel offices work. It holds out the promise of enabling personnel offices to do more with less staff by reducing labor costs. That may free up time for HR staff to move up to models 2 or 3 (although, as with privatization, that may require retraining or restructuring). Or, given the cuts in HR staff at the federal level, it may simply help personnel staff keep their heads above water. Technology can certainly lead to improved service and to faster processing of time-sensitive tasks, especially in hiring, where tests can be scored instantaneously or résumés can be scanned and sorted with great speed. And the ability to analyze data in much more sophisticated ways is crucial to strategic HR management.

However, technology has costs and drawbacks. The obvious costs are for hardware, software, and staff training. Given the rapid changes in technology, these are not onetime costs. In fact, the time between the introduction of a

new technology and its obsolescence continues to shorten, and the costs of upgrading can be a major drain on the budget, particularly for smaller organizations or jurisdictions. The increasing use of technology requires recruiting staff with a different mix of skills, ideally people who combine technological sophistication with good social interaction skills, who are not always easy to find, especially at the salaries many public jurisdictions can offer (West and Berman, 2001).

Technology can also have a negative effect on perceived quality of service by reducing face-to-face interactions. This is a contested issue, with some people feeling that e-mail and the Internet facilitate their connections with coworkers and peers in other jurisdictions and others fearing that both the HR staff and the recipients of their services may feel increasingly alienated (West and Berman, 2001). Perceptions of quality of service may also vary as organizations move toward more “employee self-service” models that permit workers to go online or to a kiosk to get information and to enter information, such as leave requests and changes in benefits. Some will see this as easy and efficient, giving them direct control over these routine functions. But others will feel frustrated when they have questions that the machine cannot answer or when they try to call for information and get caught in the maze of recorded prompts and can’t get to a real person.

Technology can also make it easier for agencies to contract work out, sharing information with the contractor via the Internet and shared files. In fact, even government HR offices are now sending some of their work overseas, mirroring the trend in the private sector.

The rate of technological change is truly dizzying, and it is impossible to predict the new approaches it will make possible. But one concern with organizations, as with individuals, is the digital divide—the gap between large jurisdictions and agencies, which have the budget and staff capability to be on the cutting edge or at least to be early adopters, and the small municipalities or agencies, struggling to keep up, often working with old equipment and staff who are resistant to change.

## CONCLUSION

Personnel offices, in government as well as in other sectors, have in many cases changed how they function quite drastically. That change has been driven in large part by external forces and has mirrored the broader trends in government toward deregulation and decentralization, toward privatization, and toward a heavier reliance on technology. Those changes in function have also been caused by a desire on the part of personnel offices to become more responsive

to their clients, to deliver a broader range of service, and to have a place at the table when strategic decisions are being made. The dilemma, both for the organizations and for scholars tracking these trends, is that some of the functional changes, such as privatization and reliance on technology, can cut both ways, depending on how they are implemented, leading, for example, either to better customer service or to the deterioration of such service, if one of the key criteria is the availability of face-to-face service.

Although the past decade has been marked by rapid change, scholarship has yet to catch up with that process; there have been few systematic empirical studies of how public sector personnel offices conduct their work, how they define their roles, or how they are perceived by the people they serve. Such research is critical for an understanding of the impact of these changes and of personnel offices' success in adopting new roles.

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