Strategic Human Capital Management in Local Government: What is it and how do we get there?

Willow S. Jacobson, UNC-Chapel Hill
Strategic Human Capital Management

• An integrative framework that links human resource management activities with strategic organizational needs
• For organizations to perform well they need to be able to adapt and need to have the kind of workforce in place that can help you adapt
• HR works as a strategic partner with management to accomplish organizational goals
Move to SHCM

Administrative → Operational → Strategic
To what extent and in what ways are local government HR professionals playing a strategic leadership role?
Sample

- 40 counties
- 500+ workforce size
- HR directors
Strategic Human Capital Management

HR Manager Adopts Leader Role

HR viewed by Top Management as Strategic

Strategic Plan at the Government Level
Models

Model 1
- Traditional Personnel Structure

Model 2
- Traditional Support Department but Growing Recognition of Strategy

Model 3
- Governmental Strategy Deficit but Strategic Leader in HRM

Model 4
- Expert Consultant in Strategic Planning Process

Model 5
- Strategic Human Capital Management
I think HR has been neglected as its own organization and what it can bring to the larger organization. Because of the history, it was seen as paper pushers. I have been telling my staff that we are the example of what employees should be for the entire county. We are what customer service should be for the entire county. We can have a strong leadership role.
Models

- Model 1: Traditional Personnel Structure
- Model 2: Traditional Support Department but Growing Recognition of Strategy
- Model 3: Governmental Strategy Deficit but Strategic Leader in HRM
- Model 4: Expert Consultant in Strategic Planning Process
- Model 5: Strategic Human Capital Management
I’ve seen it both ways, and I would say in X County the County Manager looks at it as a strategic partner because I think he understands the importance of it’s the people that help make you successful. The HR Director is part of the management team... He and I speak on a daily basis as well. This is an organization where I felt a part of the management team, I’ve been in organizations where HR was just an area that kept paperwork flowing and kept employees happy but I see a bigger role for HR here in X County.
Models

Model 1
- Traditional Personnel Structure

Model 2
- Traditional Support Department but Growing Recognition of Strategy

Model 3
- Governmental Strategy Deficit but Strategic Leader in HRM

Model 4
- Expert Consultant in Strategic Planning Process

Model 5
- Strategic Human Capital Management
Expert Consultant in Strategic Planning Process

• I sit on the executive staff and we talk about strategic planning and areas that affect employment. We have different strategic planning groups. But if it involves employees, then I am involved in development of those plans. Whether it’s retirement programs, change in benefits, health insurance, I sit in on those planning sessions.

• We’re very involved, not at the top. This County Manager brings us in on a lot more than the prior manager. He doesn’t have a senior manager group. I’m not in the group that develops the comprehensive plan for the county. There may be something in there that is HR related, and I’m brought in on that. Anything that happens in the county where the manager believes it is an HR issue, he comes to me.
Models

Model 1
- Traditional Personnel Structure

Model 2
- Traditional Support Department but Growing Recognition of Strategy

Model 3
- Governmental Strategy Deficit but Strategic Leader in HRM

Model 4
- Expert Consultant in Strategic Planning Process

Model 5
- Strategic Human Capital Management
We’re very involved. We definitely have a seat at the table. That is not something we had three, four years ago. We are there through the entire strategic planning process and budget planning process. They look to us to help support whatever strategy is being developed. We get to make comments and provide the board with suggested direction. We are fortunate because that’s not necessarily the norm. We have been fortunate to earn that respect and trust and hopefully we’ve made some impact.
From a cost standpoint and operational, it comes down to bodies and we manage those bodies so I’m at the table for every major decision that’s made in the County Executive’s office.
Unionization

- Model 1
- Model 2
- Model 3
- Model 4
- Model 5

Legend:
- Not Unionized
- Unionized
Private Sector Experience

No Private Sector Experience
Yes Private sector experience

Model 1
Model 2
Model 3
Model 4
Model 5
Years of Experience

- Model 1: 2 years (10 or less), 2 years (11 thru 20), 1 year (20 and greater)
- Model 2: 1 year (10 or less), 2 years (11 thru 20), 1 year (20 and greater)
- Model 3: 2 years (10 or less), 2 years (11 thru 20), 1 year (20 and greater)
- Model 4: 2 years (10 or less), 3 years (11 thru 20), 2 years (20 and greater)
- Model 5: 2 years (10 or less), 3 years (11 thru 20), 9 years (20 and greater)
Progression

Model 1

Model 2

Model 3

Model 4

Model 5
HR Directors Capacity

• Capacity of the HR director is critical
  – Limiting or facilitating
  – Technical subject matter skills
  – Leadership and management skills

• Capacity particularly challenging at the local government level

• More research is needed on the competencies of HR professionals in order to determine if HR professionals have the technical and leadership competencies needed to implement SHCM
So What?

- Leadership is not just needed from the HR director but also from the executive level
- Top-down support necessary
- Relationship building and trust

- Future research should investigate in greater depth the role that trust may play in the development of HR leaders and the adoption of SHCM
ADOPTION
Methodology

• Online survey administered to municipal governments
  – Colorado Municipal League and the North Carolina League of Municipalities

• Sample
  – North Carolina (522)
  – Colorado (271)

• Response rate:
  – Colorado 29% (n=79)
  – North Carolina 33% (n=174)

• Qualitative analysis
### HR as Strategic Partner (Percent)

<table>
<thead>
<tr>
<th>Importance HR is at being a strategic partner (n=213)</th>
<th>Not at all important</th>
<th>Low importance</th>
<th>Somewhat important</th>
<th>Medium High important</th>
<th>Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.2</td>
<td>13.1</td>
<td>22.5</td>
<td>20.7</td>
<td>31.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HR Role (ROLE) (n=222)</th>
<th>No role in Strategic plan</th>
<th>No Formal plan but HR provides Strategic Advice</th>
<th>HR provides input into HR issues</th>
<th>HR provides input into broader strategies</th>
<th>HR serves as a Full Management Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.7</td>
<td>30.2</td>
<td>17.6</td>
<td>22.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Role of HR (ROLE)</td>
<td>SHCM Index (SHCMIMPL)</td>
<td>n</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-----------------------</td>
<td>-----</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Performance Importance Index</td>
<td>.742**</td>
<td>208</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metric Collection Index (METCOLL)</td>
<td>.675**</td>
<td>197</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metric Usefulness Index (METUSE)</td>
<td>.420**</td>
<td>201</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years in HRM (HRMYRS)</td>
<td>.205**</td>
<td>210</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education (ED)</td>
<td>.177**</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRM Certification (CERT)</td>
<td>-.281**</td>
<td>157</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Staff Skill (STFSKILL)</td>
<td>.434**</td>
<td>205</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance of Core HR services (CORE)</td>
<td>.500**</td>
<td>203</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE Employees in the Municipality</td>
<td>.116</td>
<td>213</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR FTE (HRFTE)</td>
<td>.096</td>
<td>211</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<.10    ** p<.05    ***p<.01
• Municipalities that value HR functions and have begun to view HR in a strategic role may be more likely to implement SHCM practices

• Core to SHCM is being data driven and analytically grounded in planning, decision-making, and leading

• The leadership in these roles plays a factor in the level of SHCM adoption in municipal governments

• Along with the leadership and experience of the director, the level of skill of the HR staff and the overall capacity of the HR department (or the set of actors charged with HR) are important to consider
• Size of the municipal workforce and HR staff size were not significantly correlated with the SHCM index

• Municipal size could facilitate certain practices that create a setting ready for SHCM adoption but smaller organizations may also find ways to increase strategic behavior in spite of this
<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Importance Index (HRIMPORT)</td>
<td>.246***</td>
<td>.077</td>
</tr>
<tr>
<td>Role of HR (ROLE)</td>
<td>.512 ***</td>
<td>.053</td>
</tr>
<tr>
<td>HR Director Years in HRM (HRMYRS)</td>
<td>-.016</td>
<td>.007</td>
</tr>
<tr>
<td>HR Director Education (ED)</td>
<td>.096</td>
<td>.055</td>
</tr>
<tr>
<td>HR Certification (CERT)</td>
<td>-.109</td>
<td>.208</td>
</tr>
<tr>
<td>Staff Skill (STSKILL)</td>
<td>.076</td>
<td>.035</td>
</tr>
<tr>
<td>Metric Collection Index (METCOLL)</td>
<td>.101</td>
<td>.023</td>
</tr>
<tr>
<td>Performance level on Core Functions (CORE)</td>
<td>.060</td>
<td>.067</td>
</tr>
<tr>
<td>FTE Small</td>
<td>.103</td>
<td>.223</td>
</tr>
<tr>
<td>FTE Small-Medium</td>
<td>.103</td>
<td>.202</td>
</tr>
<tr>
<td>FTE Medium</td>
<td>.069</td>
<td>.197</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.634</td>
<td></td>
</tr>
<tr>
<td>$R^2$ (adj.)</td>
<td>.600</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>18.870</td>
<td></td>
</tr>
<tr>
<td>n</td>
<td>132</td>
<td></td>
</tr>
</tbody>
</table>

*p<.10    ** p<.05    ***p<.01
• Size still does not appear to have an impact on the adoption of SHCM practices.

• Two variables present strong predictive power in relation to SHCM adoption:
  – the role that the HR department plays in the strategic planning and management process
  – the level of importance attributed to performing a range of HR practices
• Implementation of SHCM practices starts with valuing HR and the larger role that it can play

• How HR is conceptualized as a partner and how their work is valued are critical to acceptance and encouragement of HR undertaking strategic practices

• Serving as a support system for the implementation of strategic decisions is consistent with how HR professionals characterize the roles that they play, but few municipalities indicate that they serve as a full management partner
• Changing mindset about HR needed
• Skilled professionals
• Demonstrated impact
• Leadership support
Thank you