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Editor’s Introduction

Nona Tobin, Director, Human Resources, City of San Jose, CA
Ron Komers, Assistant CEO/HR Director, County of Riverside, CA

Technology has been described by many an HR professional as a help and a hindrance. Keeping ahead of constantly changing technological requirements has, in many cases, become an overwhelming challenge. Projects continue with no end or full implementation in sight and costs skyrocket. That said, what would we do without it?

Technology has provided opportunities for automating processes, increasing efficiency, expanding training, and improving access to services that we never could have imagined. It’s here to stay, and public sector human resources is pushing the limits of current technology to drive development and achieve even greater advances.

This special technology issue of Public Personnel Management features discussion about technology in human resource management and highlights specific initiatives from city, county, and state government.

The first article, Technology for Human Resources Management: Seven Questions and Answers, features seven questions posed by authors Sam Ashbaugh and Rowan Miranda of the Government Finance Officers Association. The article examines the current state and future trends in human resource management systems (HRMS) and how those systems are related to the broader “digital government” effort that strives to streamline government processes. The article provides specific examples of HRMS components.

Cynthia Pantazis of the American Society for Training and Development (ASTD) offers the next article, Maximizing E-Learning to Train the 21st Century Workforce. Pantazis writes that the power of e-learning comes from leveraging technology and information and eliminating the one-size fits all approach. The article also draws upon her involvement with the ASTD and National Association of Governor’s (NGA) report, A Vision of E-Learning for America’s Workforce. This report identifies priority areas of action for both the public and private sectors to ensure sustainable e-learning for America’s workforce.

IT recruitment and retention has proven a challenge for public organizations for many years, and author Allen DeMers offers concrete solutions in his article, Solutions and Strategies for IT Recruitment and Retention: A Manager’s Guide. A background of the true “IT talent gap” is presented along with a seven-pronged approach that will allow governments to take advantage of their existing strengths and develop strategies to compete for IT talent with the private sector.

Evaluation of qualifications and hiring speed are the focus of the next two articles. Pre-Employment Testing on the Internet: Put Candidates a Click Away...
and Hire at Modern Speed by author John Mooney takes you through the County of Riverside, CA online testing approach. The County has forged new ground for public sector organizations in the online pre-employment testing area by exchanging more rigid traditional forms of written testing for the speed and flexibility of Internet-based testing. The County’s implementation experience and recruitment efforts are highlighted.

Great Candidates Fast: On-Line Job Application and Electronic Processing, Washington State’s New Internet Application System features the experience of a state government in implementing a new Internet-based hiring tool. Authors Brad Bingham, Sherrie Ilg, and Neil Davidson discuss the implementation of a single Internet application system that allows simultaneous on-line application submission, screening and testing, scoring and notification, eligibility list placement, and referral for interview for 70 Washington State agencies with a combined workforce of approximately 50,000 employees in 1800 job classifications.

Training, recruitment, and hiring are only a few areas where technology has impacted human resources, as our last two articles confirm.

Many jurisdictions are using traditional salary surveys. However, there is real value that can be added to this resource through the use of the Internet. Can Technology Ease the Pain of Salary Surveys? by Nona Tobin discusses the efforts of several public sector coalitions in applying technology to the sharing of compensation data. The article also includes a highlight of commercial ventures that generate salary information on the web and the attempt to launch compensation analysis products for the public sector. The research strongly indicates that significant cooperation is required between jurisdictions within a recruitment area to make this vision a reality.

Finally, author Brian Walter’s article, But They Said Their Payroll Program Complied with the FLSA...?, rounds out the technology special feature. The article examines FLSA compliance problems faced by public employers in selecting a computer payroll system. Included are an overview of the FLSA and its application to the public sector, common deficiencies in public sector payroll programs in regard to the law, and guidance to ensure that your payroll system is designed and implemented in compliance with the FLSA.

This special issue of Public Personnel Management provides a sampling of the many areas in which technology can have an impact on public sector human resources. The articles are the result of the work of the IPMA HR Technology Taskforce and are intended to support your efforts in the areas discussed and to spark new ideas for future technological innovation.
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Technology for Human Resources Management: Seven Questions and Answers

Sam Ashbaugh
Rowan Miranda

Public management is slowly being transformed by information technology. Technology today is the driver of new government processes for dealing with citizens and suppliers. But it is also reshaping important functions and processes that only those inside government may care about such as accounting, payroll, and personnel administration. Taken together, the internal and external impact of new technologies is changing the way governments manage and make decisions.¹

This article examines the current state and future trends in human resource management systems (HRMS). Such systems are related to a broader “digital government” effort that seeks to apply technology to streamline government processes. The underlying architecture for digital government is the Internet and integrated administrative management systems (which are more commonly known as enterprise resource planning (ERP) systems). This article describes the technology and functional features of such systems and focuses specifically on the business benefits provided by the human resource management system (HRMS) components. Questions examined include:

- What are the challenging issues facing HRMS?
- What is the current state of HRMS technology?
- What is ERP? How is it related to HRMS?
- What are the major technology features of modern systems?
- What specific functions are encompassed by HRMS?
- What are the major business benefits of modern HRMS?
- What are some of the major risk factors in implementing HRMS solutions?
Challenges and State of HRMS Technology

Personnel administration, like most professions, is being challenged by a number of factors that impact traditional practices. Some of the specific challenges include:

- Attracting, retaining, and motivating employees;
- Meeting the demands for a more strategic human resource (HR) function;
- Ensuring legal/regulatory compliance;
- Managing the “human element” of technological change;
- Shifting from a tactical (transaction processing) focus to facilitating strategic planning;
- Combating the perception that the HR function, while necessary, is not a “value-added” service in the public sector; and
- Addressing the push for increased performance and greater accountability in the public sector.

Advances in information technology hold the promise of meeting many of the challenges listed above. But what is the current state of HR technology applications in the public sector? Based on interviews and consulting experiences with state and local government organizations, the authors have identified the following types of approaches that governments have used to develop an HRMS.

Spreadsheets/Database Systems. HR managers often feel that their needs are an afterthought in the selection and design of systems (i.e., the needs of the financial, payroll, and purchasing areas are paramount). Because some financial management systems provide payroll functionality only, HR managers often find them inadequate and build custom solutions using spreadsheets or database applications. Such efforts may satisfy the needs of central HR but the data is not accessible to other departments, which in turn leads to the proliferation of additional departmental systems.

Homegrown Systems. Larger governments have custom built “homegrown” systems to meet their HRMS needs, particularly for payroll purposes. Just as is the case with homegrown financial systems, HRMS systems that are designed and built by a government’s internal staff are often “set in stone.” Changes in regulations, professional standards, or organizational restructuring can create demands for the collection and analysis of new information that homegrown systems cannot meet.

Specialized “Standalone” Applications. Whether utilized by itself or in conjunction with a central HR system, there are numerous software solutions designed for specialized personnel administration functions such as applicant...
tracking, compensation/benefits planning, skills/training/test results, time and attendance, and risk management, among others. These systems are typically cheaper than homegrown solutions but pose other problems. One main problem relates to redundancy in data entry and inability to support enterprise-wide usage.

“Best of Breed” HRMS Solutions. Just as some software vendors provide solutions solely for a government’s financial management functions, there are many vendors that provide only the core HRMS solution (human resources, benefits, payroll, time and labor) without financial components. These solutions are different from “standalone” because they encompass a broader range of HR functions. The problems associated with these solutions however are similar—failure to link financial and HR data and inaccessibility by other users.

In summary, for most government organizations today (especially those without ERP systems as defined below), the challenges and demands of the HR function have led to a range of software solutions that, at best, have met needs of individual users and departments but have fallen short at an enterprise level.

**ERP and HRMS**

Enterprise resource planning (ERP) systems are based on software that integrates information from diverse applications into a common database. The ERP systems of today are the result of an evolutionary process. In the mid 1990s, interest in business process reengineering in the private sector immediately spilled over into the public sector. The reengineering approach argued for each major organizational process to be carefully studied and new streamlined processes, centered on outcomes for stakeholders and customers, to be developed. What was hard to disagree with in theory soon turned out to be difficult to apply in practice.

Public and private sector organizations struggled to apply reengineering principles when the underlying information sources were scattered across the organization. Furthermore, it was also difficult and expensive for each organization to conduct extensive research to custom develop software solutions for each process even if the technology was available. It soon became clear that the application of reengineering required software that provided a broad range of solutions, consolidation of information across functions, a standard set of business processes based on “best practices,” and malleability to allow organizations to configure the software to tightly fit processes it desired without significant programming. This list of features is the ambition of the leading vendors of ERP software today.

The major difference between ERP systems and their predecessors is the linkage of financial and human resource applications through a single database in a software application that is both rigid and flexible. The rigidity comes from the need to standardize processes and deter customers from modifying the
underlying software source code (i.e., customization). Software vendors argue that their solutions will never be obsolete if customers refrain from changing source code and apply upgrades regularly. Flexibility relates to a customers ability to “configure” the software to collect specific data and other business goals.

Before ERP most organizations used separate vendors and technology standards for “financial” applications such as accounting, budgeting, and purchasing—and “HRMS” applications such as benefits administration and payroll. The resulting patchwork of applications led to significant staff efforts to build even more applications that combined data from “financials” and “HR.” The value of ERP was to bring financials and HRMS under a single vendor and common technology standards. Today, in the best administrative systems, HRMS is a subset of ERP software solutions (Figure 1).

**Figure 1 Components of an ERP System**

![Diagram of ERP System Components]

**Technology Features**

The benefits of modern HRMS stem from the underlying technology. For governments seeking to purchase software products, the features listed below have financial consequences. Although, over time, individual firms in the software industry are expected to converge to specific standards, today government organizations can expect to pay more to buy and install products that have a greater number of the characteristics listed below.
Integration. Integration refers to the extent to which different functions are tied together in the overall system. Integration is what allows processes to be outcome rather than task focused. For HRMS, integration requires a common database underlying all individual modules (e.g., position budgeting, benefits administration, salary forecasting). Integration ties together business processes in end-to-end sequences. Integration is the single most important feature of leading systems today. Many industry experts even argue that “integration dominates functionality.”

Common Relational Database. A common relational database facilitates system integration by providing a single information silo. As opposed to legacy systems that contain non-relational file structures, a relational database promotes reporting and query capabilities through the use of graphical user interfaces (GUI), which are designed to allow a variety of users to “slice and dice” information for reporting and analysis.

Flexible and Scalable Technology. Leading HRMS vendors seek to build applications that work with a range of technology standards (e.g., support different databases and operating systems). This provides organizations greater flexibility from a technology support perspective. In addition, modern HRMS software should be “scaleable”—it can process more transactions and support more users as the organization grows.

Audit Trail & Drill Down Capabilities. Audit trails provide the ability to review all of the history of changes to a record in a database. Audit capabilities can record activity by user name, date, time, and transaction. Drill-down capabilities provide the ability to reach the source document of a prior step in the process. If public sector personnel administration is paper intensive, it is electronic audit trails, drill-down, and workflow (discussed below) that will change this.

Robust Security. HRMS must provide robust, but manageable security to protect a government’s data from unauthorized access or alteration. In addition to the sensitive nature of HR data, agencies must ensure compliance with various legal statutes related to confidentiality and privacy concerns. Most HRMS solutions provide comprehensive security features, including login security, row level security (record security), and field level security (data field). More sophisticated systems build on this foundation to provide features such as functional security (limiting access to certain screens or processes), object security (prohibiting programmers from certain program functions), and user-group security.

Workflow. Workflow promotes the automation of business processes through the electronic routing of documents within HRMS. A principal goal of process improvement strategies is to remove slack in the process; simplify work; streamline authorizations; bundle work; provide instant feedback in process correction; measure activities; and reduce cycle time. Reducing errors through rules-based workflow can increase the integrity of HR data.
**User Friendliness.** Features such as standard menus across different HRMS modules, flexible reporting tools, and robust query capabilities ease the use of HRMS by employees. However, end-user “full-acceptance” of any new system usually takes time and will require a significant amount of training.

**Enhanced Reporting & Analysis.** Robust ad-hoc reporting capabilities allow designated users across the organization to query data for which the user is authorized and to report that data in a variety of formats. It is the feature of “pushing out the work” (i.e., decentralization) that many organizations find valuable in modern HRMS.

**Process Standardization and Malleability.** While HRMS can automate standard processes such as hiring, benefits enrollment, and changes to an employee’s pay or personal data, organizations can derive more value if the system contains flexibility to model “quirky” processes or processes that are superior to the standard processes embedded in the software. While terms such as best business practices and process reengineering are sometimes difficult to grasp, modern HRMS solutions contain “vanilla” or “out of the box” process flows that are designed to streamline and improve core business processes and result in greater efficiency.

**Internet and Web Capabilities.** Some of the HRMS components of the leading ERP systems permit the use of the Internet to reduce transaction costs. For example, though employment applications can be downloaded from many government Web sites, applicants must often return the application and related documents via regular mail. Capabilities in modern systems permit on-line submissions. Even for those jurisdictions that provide the ability to submit an application on-line, the data does not typically feed directly into the HRMS system but is re-entered by a government employee.

**Document Management and Imaging.** Document management for HRMS refers to the process for handling distributed or centralized repositories of electronically stored documents, images, and forms. Due to the historically paper-intensive nature of the HR function, a document management system should seek to reduce the reliance on paper-based processes, allow for revision control over critical forms, and enable the organization to easily access and disseminate information to various stakeholders. While most modern solutions provide functionality that enables the storage and retrieval of electronic documents and images, governments with more extensive document management requirements can assess the ability of their HRMS solution to work with a third-party document management vendor specializing in this area.

**Modern HRMS Components**

A comprehensive HR function includes a “broader set of activities performed jointly by personnel officers and managers, and with the strategic objectives of the organization clearly in mind.”

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*Public Personnel Management* Volume 31 No. 1 Spring 2002
compilation of employee data in a software package; as a “system” it includes elements such as processes, policies, and staff. Given the scope of the function (Table 1), an effective HRMS must address a range of administrative, statutory, functional and technological requirements, enabling the HRMS to support the partnership between HR professionals, program managers, finance staff, executives, and employees, while also providing accurate, reliable information for organization-wide planning and decision-making.

Table 1 Components of a Public Sector HRMS

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<th>Human Resource Administration</th>
<th>Benefits Administration</th>
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<th>Time &amp; Labor</th>
<th>Employee &amp; Manager Self-Service</th>
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<tr>
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<td>Reporting Time Collection</td>
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<tr>
<td>EEO/Affirmative Action</td>
<td>Reporting to Employees, Providers, other Government Agencies</td>
<td>Tax/Payroll Reporting Time Collection</td>
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**Human Resources Management.** This component of the HR module is used to record personnel activity from application to retirement. These systems record basic demographic and address data, emergency contact data, and budget and department assignment data. Leading-edge systems have the capability to “read” resumes and enter pertinent data into applicable database fields, notify employees of certain anniversaries (e.g., benefits elections, training), and provide position management and position control. Similar to the relationship
between the general ledger and accounts payable modules, the HR module is generally treated as the foundation module into which other components feed into.

**Benefits Administration.** This component permits governments to easily link employee data to benefit data. This module is used to set up benefit plans and employee benefit election data. Advanced systems support self-service capabilities such as allowing employees to change their address or elect benefits via the Web. Leading systems also have the capability to record benefits for each family member of an employee, record COBRA benefits, and track information related to HIPAA requirements. Benefits functionality requires the installation of a human resources module in order to link the employee data to the benefit plans.

**Payroll.** This module is used to produce paychecks, employee tax reports, and, in some cases, 1099 vendor tax data. Data is generally fed from the human resources and time keeping modules to calculate payroll and produce payroll checks. Other features include automatic deposit and manual check writing capabilities. Sophisticated systems can set up accounts payable transactions from employee deductions or produce garnishment checks. The payroll module sends accounting information to the general ledger for posting subsequent to a pay cycle. This module usually requires basic human resources functionality to be installed. This is required to record minimum employee payroll data. An operating general ledger with budget control is also a prerequisite for payroll functionality. Finally, depending on the features installed, Time and Labor Reporting and the Accounts Payable module may also be needed for full utilization of Payroll.

**Time and Labor Management.** Given that the bulk of local government expenditures are related to personnel costs, HRMS should apply new technology and methods (e.g., via self-service or a time collection device) to cost effectively gather and evaluate employee time/work information. A leading time and labor module provides broad flexibility in data collection methods, as well as labor distribution capabilities and data analysis features. Time and labor modules are a key ingredient to establishing public sector cost accounting capabilities.

**Employee and Manager Self Service.** As HR shifts away from paper-based processes, the use of self-service functionality as part of a comprehensive HRMS should extend benefits to employees, managers, and HR staff alike. In addition to being user friendly and readily accessible (e.g., via a web browser from a desktop or centralized kiosk), self-service provides access through web-based applications for employee self-service (e.g., travel reimbursement, personnel data changes, benefits enrollment, enrollment in training classes), and manager self-service (e.g., initiate a personnel action, access authorized information for employees they supervise).
In summary, the value of HRMS data extends beyond support for the personnel administration function itself. Before ERP, organizations spent significant staff efforts to build applications and databases to solve problems that required the blending of HRMS and financial data (e.g., activity based costing, project costing, and budgeting). Today, by integrating financials and HRMS applications, the value of the HR function itself has increased for the organization as a whole.

**Strategic Application of HRMS**

As noted above, the latest technological advances have done much to facilitate the HR transformation. Indeed, by altering the access, flow, and distribution of information in an organization, technology has transformed public personnel administration by reducing the labor intensity of the record keeping function and thereby releasing resources to play a strategic role. What then are the major business process benefits? A general list of such benefits is presented in Table 2. Specific ways governments can make the most of their HRMS follow.

**Align HRMS to Organizational Performance Issues.** HRMS can be a powerful tool to assist with the task of evaluating organizational performance. One of the major aspects of the Balanced Scorecard is the “internal” perspective, which involves evaluating organizations on the basis of employee considerations.

**Improve Core Business Processes.** While HRMS can automate standard HR processes such as recruiting and hiring, more value is derived if such tools can be used to improve the underlying business processes. Such improvement may involve changing the traditional boundaries of specific functions (e.g., moving payroll staff from finance to personnel departments).

**Development of Human Capital Inventory.** It is important for all organizations to establish a system to track employees from application to retirement. Combining information for education/skills tracking/matching, career planning, succession planning, organizational charting, and performance evaluations can serve as an important link between individual and organizational goals. If appropriately designed, HRMS deliver such functionality.

**Position Control/Linkage to Budgeting.** Planning and budgeting for personnel costs is a crucial function for line departments and central budget staff interested in calculating current and future costs. By integrating HR with the financial planning process, governments can develop a compensation management program that includes the following important elements: automated position control (including the ability to verify that a cost center will not exceed its approved head count or salary budget prior to the hiring process); ability to develop projections/forecasts based on factors such as hours, actual expenditures, or staff totals; and link HR/Benefit/Payroll data to the budget...
planning process, including the ability to develop scenario or “what-if” analyses.

Facilitate Labor/Management Relations. A modern HRMS can also promote improvements in labor-management relations (and therefore government operations overall) by providing comprehensive and accurate information and analysis for tasks such as seniority list tracking, improved tracking of disciplinary actions, automated bid processing, grievance tracking and analysis, and effective management of worker’s compensation and long-term disability programs. In addition, the HRMS can provide useful data for labor negotiations that is often difficult to obtain, such as impact of specific pension changes on costs; trend analysis for employee absences and use of sick time; analysis of costs for overtime/shift work; and comprehensive employee benefit costs.

Table 2 Why Invest in Enterprise HRMS Solutions?

- Provides for the replacement of standalone “home-grown” applications with a single integrated system.
- Promotes use of a single, common relational database for employee information across the organization.
- Elimination of “islands” of data that typically exist in government agencies.
- Reduced risk related to support of legacy systems.
- Elimination of duplicative data entry.
- Reduction of manual and paper-based processes.
- Improved staff productivity and resource management.
- Increased use of technology throughout the organization, in addition to core HR/Payroll/Benefits staff.
- Access to “real time” transaction data throughout the organization.
- Enforcement of consistent processes and procedures throughout the organization.
- Improved management information and reporting, especially for operations managers.
- Provide for a scalable system that can easily accommodate future growth.
- Integration with other applications and emerging technologies.
- Intranet, Internet, and Web capabilities.
- Increased technical support and leveraging of technology.
- Easier software upgrades provide for a product that is continuously improving.
- Improved accountability through field level audit trails.
- e-Government applications (i.e., apply for jobs through the Internet).
- Adoption of embedded best business practices.
- Improved decision-making through information access.
- Elimination of manual (as well as time-consuming and error-prone) processes through the use of electronic routing of documents.
- “Drill-down” access to detailed history on each transaction.
- Protection of critical data through field-level security.
- Detailed position control capabilities.
- Employee self-service capabilities.
Employee/Manager Self Service. Public agencies devote a significant amount of time to ensuring employee information is organized and updated, rather than using forms and/or staff to collect employee information such as address changes, enroll staff in training courses, disseminate policy/procedural information, and conduct benefits enrollment. HRMS self-service functionality can push data collection and maintenance activities to the source—employees and managers.

Business Intelligence. While a relatively new concept in the public sector, business intelligence refers to the use of advanced analytical tools such as online analytical processing (OLAP), data mining, and Executive Information Systems (EIS) to provide insight into organizational trends and patterns, and can help the organization to drastically improve its decision-making capabilities. In conjunction with HRMS, these tools can be utilized to support personnel management decisions, including turnover analysis, recruitment and training analysis, and salary/workforce planning. An example for the public sector is that by utilizing an existing data warehouse, it is possible to analyze personnel costs and productivity/performance for various groups of employees as a mechanism to structure compensation packages.

Implementation Risk Considerations

Governments seeking to implement modern ERP systems with an HRMS component are generally weary about the track record of such systems especially as it relates to the length of time and costs. The authors have advised many state and local governments on risk factors to consider in an ERP implementation. Some of the main implementation risk considerations, especially for larger governments, are provided below.

Insufficient Project Budget. Leading HRMS packages are expensive to acquire and implement. Software license costs, hardware, implementation consultant costs, training, and internal costs of government staff make up the project budget. Governments often mis-specify the project budget especially in the areas of training and costs related to “backfilling” government staff focused on implementation (e.g., getting other personnel to do the work of those that are focused on implementing the system).

Inadequate Implementation Preparation. To begin the project on time, a number of activities must take place at the government site. Facilities planning, design of the technical environment, change management, securing funding and/or financing, and project team staffing decisions are some of the major factors that must be managed to get the project off to a smooth start.

Unrealistic Timeframe Driving the Project. Rapid implementations are unrealistic for large organizations simply because the degree of change being imposed requires time to assimilate and communicate. HRMS implementations take about the same amount of time as the implementation of financial modules. Those seeking to rush the system implementation forego many of the
benefits (i.e., best business practices, ability to redesign business processes and increase productivity, workflow, employee self-service) that formed the basis for the Return on Investment calculations that justified system acquisition.

**Poor Implementation Strategy.** This risk factor refers to the miscalculation about the approach used to roll out the software. While a six month “big bang” implementation (i.e., all modules put into production at once) may decrease the total duration of the project, it is also an approach that is unrealistic for many large and complex organizations given the fact that governments struggle to adequately staff projects.

**Inability to Staff the Project.** Regardless of which solution is implemented, the governments are required to dedicate a significant amount of staff resources to the project on a full-time basis. Due to the scope and magnitude of the project, governments run the risk of “shirking” on contractual commitments with vendors by substituting less qualified people or expecting the project team members to do so much of their routine work to the point that their project participation becomes difficult to predict.

**Change Management Needs Not Anticipated.** Since the implementation of a new system is going to have a profound impact on the entire organization, it is important for the government to assess the organization’s readiness for change on cultural, environmental, and technical levels. Training, communication of process change, organizational restructuring, and job role analysis are examples of such activities. Without adequate investment in this area, end-user perceptions of the software are likely to be poor and erode over time.

**Issue Resolution Delays.** Too often implementation vendors and government staff have difficulty sorting out the wisdom of process changes, which adds unnecessary delays to the implementation timeline and raises project costs. Vendors will increase their risk premium on implementation cost if they assess the government environment as difficult for decision-making.

**System Design Complexity.** Some ERP systems are more difficult to design and configure than other systems. Unfortunately, complex systems are often more extensively integrated – which is a plus for functionality but a minus for risk.

**Conclusions**

This article provided answers to seven questions regarding the application of technology for human resources management in the public sector. The importance of a human resource information system is widely recognized by managers across government agencies. Indeed, it has led some large organizations to question whether a separate department is indeed needed to staff it. Recent research has also indicated that HR professionals have high rates of satisfaction regarding HRMS technology. The same research has indicated that
governments are only beginning to scratch the surface on finding ways to use the Internet to support the personnel administration function.

The Internet and the demands for integrated administrative systems have led to a resurgence of interest in enhancing the strategic role of personnel management. As financial managers have come to recognize, financial data must often be used in conjunction with employee data for many of the most pressing decisions governments make. Although ERP technology will continue to evolve, it is well on its way to delivering on its promises to reduce system fragmentation and promote process improvement.

Notes


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Maximizing E-Learning to Train the 21st Century Workforce

Cynthia Pantazis

Advances in technology have created an environment for a learning revolution. In the digital economy, technology enabled learning or e-learning is becoming an integral part of a larger system of practices and policies designed to prepare and support a high skilled workforce. The power of e-learning comes from the opportunity to leverage technology and information to alter the basic tenets of learning by eliminating the one-size fits all approach to instruction and customizing content to meet individual needs and learning styles.

Because e-learning has the potential to significantly improve workforce development, the American Society for Training and Development (ASTD) and the National Governors’ Association (NGA) convened leaders from business, government, and education to examine how e-learning can equip workers with the skills needed to succeed. The culmination of this effort is outlined in A Vision of E-Learning for America’s Workforce. The report makes the social and economic case for creating a sustainable e-learning environment for America’s workforce and identifies priority areas for action for the public and private sectors to implement jointly.

Why E-learning?

The digital economy places a premium on new business models, customization, and innovation. To guarantee success in this environment, individuals and organizations must remain flexible, acquire new skills continuously, and identify new ways of managing knowledge and information. Although technology is driving much of the change in business and work environments, it also serves as a key tool for keeping pace with rapid change.

The benefits of e-learning — defined as instructional content or learning experiences delivered or enabled by electronic technology — rely on the dynamic relationship that links learning, people, and organizational performance. There is a strong economic incentive for business to embrace e-learning. High quality
e-learning can improve speed to capability by significantly reducing the amount of time it takes to train workers on new products and processes. According to Fortune Magazine, training that typically would take 6 to 9 months can be compressed to 2 to 3 weeks, thereby guaranteeing faster time-to-market for products.

### E-learning stands for...

Through e-learning, there are several ways in which individuals accumulate and transfer knowledge and information. Functionally, it includes diverse learning strategies and technologies, from CD-ROMs and computer-based instruction to video conferencing, satellite-delivered learning, and virtual educational networks. E-learning is not limited to web-based instruction or distance learning.

Additionally, e-learning can reduce the costs of workplace training. After the initial infrastructure and development costs are met, the marginal cost of serving additional students is close to zero. For example, Cisco Systems’ e-learning manufacturing programs have produced savings of $1 million per quarter, producing an 80 percent increase in speed to competence.

Economic considerations are not the sole reason for embracing e-learning. At a time when public concern persists about the economic disparities among different segments of the population, e-learning holds the potential to diminish the skills and income gaps by expanding just-in-time access to high-quality training opportunities. This in turn can contribute to income growth at all levels.

### A Vision of E-Learning for America’s Workforce

E-learning can help create unprecedented opportunity, productivity, and prosperity for individuals and organizations. However, it is not a panacea for addressing the continuous challenge of increasing the performance and capabilities of the workforce.

In order maximize the potential of e-learning, a range of actions must be undertaken that include leadership from the public and private sectors, ongoing promotion about advances in the field, and broad reforms in education polices to eliminate the barriers to using e-learning. Toward this end, the vision outlined in the report describes the optimum e-learning environment that should be achieved.
The Vision

■ “Learning is geared to the needs and interests of the individual learning and is integrated into virtually all aspects of the individual’s work and life.

■ Control of the learning process shifts from institutions to individuals, who assume greater responsibility for developing their skills and knowledge.

■ Technology that supports e-learning makes it possible to customize and personalize content and delivery to match individual learning styles, experience, and skills.

■ Learning is a continuous process of inquiry that keeps pace with the speed of change in business and society, rather than generic instruction based on set curricula.

■ New means of assessing and certifying learning results replace traditional, clock-hour measures, providing secure and reliable systems for recording and capturing what an individual knows and is able to do.

■ An ‘open design process’ allows individuals to take full advantage of a borderless, technology-rich delivery environment and access high-quality learning content.

■ Cross-state and cross-sector partnerships assure the proper level of investment in, and attention to, promoting new learning strategies, taking successful practices to scale, and accelerating the speed of needed changes.

■ Information about successful and innovative e-learning practices is widely shared and informs the development and implementation of new programs and policies.

■ E-learning is driven by market forces, including individual decision-making and consumer choice, rather than by institutional interests.

■ E-learning is embedded in a system of other practices and policies designed to broaden individual opportunity and create economic competitiveness.”

To achieve this vision, three priority areas are identified — quality, assessment and certification, and equitable access. For each area, specific recommendations are outlined. While the recommendations require collaboration from both the public and private sectors, they are directed to the nation’s governors and corporate CEOs. These are two groups that can play a critical role in leveraging e-learning’s potential as a cornerstone of individual, organizational, and community success.
“Create the highest-quality e-learning experiences possible”

Rapid growth in distance learning, technology-enabled assessment and the increasingly diversified and expanded public-private adult learning marketplace requires us to develop new strategies for assuring quality and protecting consumers. Important priorities for the public and private sectors include: providing reliable and universally accessible quality information for consumers; developing quality assurance mechanisms; ensuring that learners have the support they need to make the right decision about their e-learning options; and developing policies and practices to ensure privacy.

Monster.com has recognized the need to offer learning tools and career development information by recently launching MonsterLearning. This new venture is an online repository of information to help individuals manage their careers. MonsterLearning Search is a tool that provides free access to a range of learning opportunities, including online and classroom courses. Searches can be conducted by subject, courses, certifications, and delivery methods.

“Implement new measures and methods for assessing and certifying what individuals know and are able to do.”

Traditional, institution-based approaches to assessment and certification are not well suited to an e-learning world in which the focus turns from a record of classes taken and degrees received, to measures of what an individual actually knows and is able to do. As a result, private and public sector leaders need to take steps to create new approaches such as: developing and promoting outcome-based assessments of learning results and creating an electronic system for tracking those results.

At General Motors University Online, employees can create individual development plans, track their individual training histories, and use Web-based tools to align their training with development plans in 16 functional areas of the company. GMU is serving 88,000 managerial, professional, and technical employees globally. “For every $1 of e-learning that the company adds, it estimates that it saves $2 for traditional classroom tuition, and another $1 for travel time or lost personnel time.”

“Ensure broad and equitable access to e-learning opportunities.”

Challenges remain in building the infrastructure for e-learning, which includes high-speed telecommunications and connectivity for individuals and communities. It also consists of high-quality software and curricula that contributes to effective e-learning.
In areas from supporting the development of common technical standards to promoting broader access in undeserved communities, government and business must play a leadership role in reducing the divide between the ‘haves’ and ‘have nots’ in America today by advancing the potential of quality e-learning.”

The U.S. Department of Defense’s Advanced Distribute Learning Initiative, first launched in January 2000, convened government, academia, and the private sector to develop an open architecture for online learning. The result of this collaboration is the Sharable Content Object Reference Model (SCORM). This model is a set of specifications providing a comprehensive suite of e-learning capabilities that enable interoperability, accessibility, and reuse of Web-based learning content.

The Road Ahead

These priority areas provide governors and CEOs with a roadmap for improving how individuals learn and acquire new skills through technology. Because of the enormity of the challenge, a collaborative approach is essential for building an e-learning future. As the e-learning environment continues to evolve, quality, assessment and certification, and equitable access are likely to evolve with it.

The challenge is to realize the full potential of e-learning as a driver of productivity and performance and to integrate it into organizational strategy and operations. For government, the challenge is to create a supportive policy environment that encourages access to e-learning.

Because e-learning offers increased opportunities for attaining and developing the skills necessary for good jobs and economic growth, building a successful e-learning future should be a priority in the public and private sectors. The cost-savings are real and the benefits are quantifiable. E-learning is not a panacea but its potential for broadening access to high-quality education and training is compelling.

Notes

2 Ibid, p. 5.
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There is some debate as to exactly how big the IT talent gap is in America. Information varies according to the source and time of individual reports. A 1998 report by the Information Technology Association of America estimated the gap at 190,000 unfilled core information technology positions. Just two years later, however, that same organization predicted that there would be demand for 1.6 million general (as opposed to core) IT workers in the United States in the year 2000 and that half of those positions would go unfilled. This study estimates the gap at 843,328 unfilled information technology positions. Recent economic trends have invalidated these early predictions and demand has gone down considerably. But the unstable nature of IT demand simply creates more problems. How does a public sector manager maintain a system that is flexible enough to move with market forces?

There are no magical solutions to the challenge of IT recruitment and retention. If one examines existing public and private HR strategies, however, one can formulate a policy prescription. As is often sited, many IT professionals do not rank compensation as the most important factor in their decisions to take jobs. There are options for recruitment and retention that do not revolve solely around compensation. Thankfully, this allows government to rely upon some recruiting devices that do not imbed high salaries in the public pay scale but instead use those that respond to market conditions.

Municipal government is not without strengths and advantages in the cutthroat world of recruitment and retention. City, state, and county governments would do quite well to institute a blend of best practices from around the country that embrace new private-sector strategies while at the same time accentuate existing government benefits. Each program should also address some aspect of the IT workforce. Taken in the aggregate, such programs could serve as powerful tools for the modern public sector human resource manager. This article will attempt to offer up aspects of these programs that are both realistic for governmental implementation, and address the idiosyncratic nature of the information technology workforce.
A combination of realistic government strategies allows municipal government to compete with the private sector, and take advantage of its existing strengths. Each program falls into a seven-pronged approach toward IT recruitment and retention.

- The first is designed to allow flexibility of hiring practices.
- The second recommends the employment of technologically advanced hiring techniques such as web-based applications and database skill tracking.
- The third favors an organization-wide commitment to hiring qualified IT staff.
- The fourth advocates an increase in employee recognition through the use of bonuses and innovative awards.
- The fifth calls for clear and well-funded professional development training.
- The sixth examines the significance of environment and innovation.
- The seventh stresses the importance of publicity for both an area and its government.

Each strategy focus is both realistically achievable for smaller, public sector organizations and related in some way to the demands of the information technology workforce.

**Flexibility**

Flexibility is a term that addresses both an organization’s ability to recruit flexibly, and its retention approach toward its existing employees. Primarily, flexibility is concerned with variable pay in response to market conditions. Government has less room to be flexible than the private sector, but it can make several allowances for good IT personnel. Flexibility is a term that arises again and again in regard to each of the seven strategic focus areas. It is perhaps most important in regard to compensation, but, as a philosophy, it plays a part in any recruiting effort.

Performance and market-based pay are a tremendous undertaking for municipal government largely because of inflexibility. Labor groups generally prefer highly specialized job classifications because they ensure a certain level of compensation and security. They eschew variable pay because management controls it. Despite this fact, IT professionals want to be rewarded for their special skills and municipal HR departments need to find a way to do it. Many successful programs employ various bonus and contracting strategies to increase their flexibility.

The State of Kansas has taken steps to reward individual achievement. The state instituted a variety of premium pay options without getting bogged
down in civil service rules and political battles. It employs several creative methods to give IT professionals the rewards that they desire. The most flexible part of premium pay plan involves contracting. The State of Kansas implemented employee contracting in 1997. This scenario allows employees to accept skill-based salary increases without challenging existing civil service rules.

The Employee Contracting Program is offered by management to some classified employees who have critical IT skills. Under this program, the employee signs a three-year contract during which his/her status is changed to unclassified (not covered by the Civil Service employment rules). In exchange for this, the employee receives a salary increase (typically 10-15%) and the promise that they will receive additional training to keep their skills current with changing technology. If the employee chooses to leave before the contract expires, he/she must pay back the state 50% of the salary increase amount.³

As a result of this and other programs, IT turnover in the state of Kansas has decreased. In fact, the IT department’s turnover rate was 10% in the year 2000 while state government’s over-all turnover rate hovered around 13% in the same year.⁴ The program has been featured in prior IPMA publications.

The City of San Jose’s Information Technology Department instituted an IT hiring Pilot Program in 1998. At the time, San Jose’s IT hiring practices were typical of the inflexibility described above. The problems, as stated by the Human Resources department in a presentation of the new program were as follows:

1. Hiring process takes too long.
2. Rules are inflexible.
3. Too many classifications.
4. Hiring by general class instead of specific vacancy does not serve needs.

Source: City of San Jose, Human Resources Department, San Jose, CA., (Power Point Presentation).

In response to the assessed problems and solutions, San Jose developed a program that allowed it to hire for specific skills and embarked on a process to significantly reduce the number of worker classifications in the city. The key to the program is its exemption of management and certain key personnel from standard civil service rules. This allowed the city to pursue identified recruitment targets more aggressively. Candidates are screened according to work history, skills, specialties, and preferences. Managers have increased input into the system and can identify mission critical IT skills without being bound to job descriptions that may be out of step with ever-changing IT skill sets. The program also fueled the installation of San Jose’s web-based hiring system. In testament to its success, the city plans to expand the program to all city hiring.
New Technology

The potential for the employment of new technology flows neatly out of a commitment to flexibility. Such technology includes the utilization of web-based city employment applications, utilization of web-based job boards, and database skill tracking. Speed matters to potential recruits. Automating the recruiting process allows municipal HR departments to reach a greater number of applicants, keep track of their skills, and hire them faster.

Many organizations in America have adopted web-based job application technology. Problems with tailoring the technology to various cities’ specific needs make some programs more effective than others. Integrated systems collect and save data but are not yet intelligent enough to sort these data as effectively as a living person can. Such systems ask questions about recruits, collect their resumes, sort and direct immediate hires to a dedicated staff of HR recruiters, and save the rest of the recruits in a stable database for later use. Training on a certain technological application could be the single most important factor in the decision to hire a recruit. Applications allow organizations to maintain the type of talent index that can be accessed later while at the same time hiring at a competitive speed. In the 1990’s, the two most popular systems of this type were Resumix and Restrax. These systems employed a proprietary dictionary that allowed recruiters to search for key words and skills on an applicant’s resume. Some organizations feel, however, that these applications have yet to develop the intelligence necessary to make the qualitative decisions required of the government hiring process.

There are several city governments that employ web-based hiring techniques. The City of San Jose employs “Quickhire” technology. This allows the city to gather a great deal of relevant information such as the type of degree held by the applicant, their years of experience, their familiarity with relevant technology, and their leadership experience. This application does not maintain a database for future job openings, but the city feels that it needs human evaluation of potential candidates. The technology does, however, gather self-rating information on specific job-required skills, score that information, and report it to hiring managers. They employ web-based technology to speed up the process, but get to keep HR staff in the decision making process.

On the other hand, Electronic Arts Inc. (EA) uses a database system. EA is the world’s largest video game company. Thanks to its seamless technology-based hiring system, it maintains a qualified talent base in one of the nation’s most competitive IT areas, Redwood City, California. EA uses a web-based application called e-Recruiter from Hire.com. EA describes the process on its website in the following manner.
EA-Recruiter empowers you to register confidentially and receive e-mail notification of matching jobs at Electronic Arts. Think of it as your online virtual recruiter that notifies you of jobs in areas of your expertise. EA-Recruiter works 24 hours a day on your behalf. Every time EA posts a new job, the system compares this with your information, to see if there is a match.8

The difference between this system and the City of San Jose’s is the creation of a database, which remains active after initial contact for future job hires. The database continues to apply a potential recruit’s skills to the general job availability of the company. If there is a match, it facilitates communication with the recruit via email. The system is easy to use too and took the author only ten minutes to fill out the complete application and post a resume.

This innovative technology allows EA to do remarkable recruiting. In one instance EA needed to hire 40 people willing to work in Orlando, Florida. It accessed its pool of existing recruits using the database and emailed the opportunity to the 18,000 people set up to communicate with the system who possessed the appropriate skills. EA received 3,000 responses of interest for the 40 positions.9 Technology giants Cisco and Hewlett Packard use similar systems.

Web-based job board advertisements are an easy addition to any municipal HR department’s recruiting strategy. The Metagroup’s “IT Staffing and Information Guide” ranked Web/Internet tactics as the third most successful recruiting techniques according to IT management polled.10 These boards are myriad and require only money. Business First included job boards in their prescription for online recruiting strategy. They state that an organization should:

Post job opportunities on other sites. Recruiting firms, traditional and virtual, have Web sites that will post your job opportunity. The advantage over your site is the advertising these sites do that brings onlookers.11

They can be a godsend to HR and IT departments that do not have the onsite talent to employ more sophisticated technology. The boards are not cheap, however, and a tight municipal budget might prohibit their funding. The City of San Jose spent $30,000 on web-based posting in the year 2000. The ads are not particularly different than newspaper ads in their general effect. They do, however, reach more technology savvy job seekers than an average newspaper ad would. This strategy is consistent with the City of San Jose’s cultural strategy commitment to hiring what they term the “right type of IT employee.” This refers to an employee with a dedication to public service and an appreciation for public sector employment advantages.12

Of course, the technology cannot hire people by itself and it is not applicable in every situation. Many municipalities had to wait to advertise on job boards until they had the technology in place to screen out and filter through the flood of applicants such advertising generates. But, properly constructed, technology can make the process easy and productive for both the
recruiter and the recruit. The choice of which system to implement depends upon budgetary limitations and organizational culture.

**Organization Wide Commitment to Recruiting**

It is all well and good to want an organization-wide commitment to the recruitment of qualified IT staff. It is quite another thing to actually instill that commitment from top to bottom. There are, however, tools available and a few good examples of how to use them. These tools range from clearly-defined referral bonuses to simple leadership by example and are applicable to any recruit, IT and beyond.

In the year 2000, 71% of all managers surveyed by Meta Group ranked internal referrals as one of their top three IT recruiting methods. This method was far and away the most favored in the survey. Municipal governments have a strong tendency to recruit internally in response to political pressure. Clearly, managers feel that referral from existing employees is an effective tool. But instilling it is another matter. In several examples from the private sector, management leads by example and backs up its entreaties with bonuses to employees that exemplify organization-wide commitment.

As works best with any job class recruiting, managers should lead by example. No one is more successful at hiring people for a specific job than the very people that do that job within the organization. Greg Peters, CEO of Vignette Corp, asks every employee of his company to devote 10% of each day to recruiting. To further spur on his employees, he offers $2,000 to each person who refers a successful hire. As a final incentive, the company offered a 2-year lease on a Mercedes Benz to the employees that made the most successful referrals. Vignette had a turnover rate of 3% in the year 2000.

Municipal government cannot achieve these goals in exactly these ways. One can find no mention of any city government in the United States giving a Mercedes to any city employee, good recruiter or otherwise. Similarly, most department directors are overworked even without doing serious recruiting in an attempt to lead by example. Despite these facts, the public sector can adopt these strategies in spirit.

One such example is the State of Kansas’ Information Technology Premium Pay program, which offers a recruitment bonus option. Five hundred dollars is “paid as a lump sum to existing state employees who successfully recruit IT employees in approved, difficult to fill jobs...” A far cry from the $2,000 Vignette bonus, the state of Kansas still found a way to reward fine recruiters.

**Employee Recognition**

Employee recognition plays an important part in lowering the turnover rate among existing IT employees. Most often, this recognition takes the form of monetary compensation but there are alternative ways in which to reward...
good performance. Even when an agency considers bonuses strictly in the monetary sense, they can be more flexible in their administration than they can in regard to the entitlement pay they usually maintain.

Once again, the State of Kansas has taken the lead in this field. They have established a bonus system that rewards not only specific skills but also the completion of successful projects. Furthermore, the program encourages motivated IT professionals to acquire new mission critical skills. The program is set up as follows:

- **A Skills Bonus** for current employees who possess and use mission critical IT skills at a satisfactory level. The amount of the bonus can range up to 13%, after three years, of the employee’s base salary.

- **A Skills Acquisition Bonus** of up to 10% of the employee’s base salary for the acquisition of mission critical IT skills. Employees must reimburse the State up to 50% of the cost of the training if they choose to leave state employment within one year of the training.

- **A Project Bonus** up to 10% of the employee’s base salary upon successful completion of a qualifying project.  

Bonuses need not always be so technical and lucrative. Many are a symbolic gesture of thanks to an employee who has brought something special to the organization. The Santa Clara County recently approved a $100 bonus for an employee-of-the-month award. Recipients also attend an end-of-the-year banquet. While the county admits that this is not a significant amount of money, it hopes that “…employees would appreciate receiving this type of award and feel that they are being valued.” The County of Santa Clara estimates that this program would cost a maximum of $10,000 a year.

**Skill Acquisition and Education**

The Information Technology workforce is skill-driven. Employers are increasingly turning to in-house, untapped resources in an attempt to garner the requisite skills. Skill training can also serve as an effective recruiting device for municipal IT departments. Many potential recruits and existing employees fear that their familiarity with the latest applications will dull if they accept state, county, or municipal work. Those government organizations need to construct a clear and continuous educational plan that makes sense to potential recruits. Additionally, the program should allow as much choice and flexibility as possible. If the plan is up-to-date, easily marketable, and effective, employers can use it in place of monetary incentives, while at the same time maintaining a skill base that benefits the whole organization.

In Computerworld’s 1998 “Jobs Hiring Forecast Survey,” managers cited Access to Technology and Training Opportunities and the lack thereof as the 5th and 6th reasons for IT employee turnover. In the same study, IT employees
ranked use of new technology 3rd and the availability of IT training 5th in their contribution to their overall job satisfaction. Compensation ranked number one on both lists. These findings indicate that training and exposure to new technology do not replace compensation in the mind of the recruit or employee but they also indicate the relative importance of both.

Private employers recognize this resource. Studies indicate that corporations like Cisco Systems are so invested in corporate skills training that they will have to spend $15 billion dollars between 1999 and 2006 just to maintain their current level of access. The Information Technology Association of America states that “Training after the employee is hired is rated significantly more effective than pre-hire methods of training; 84% of managers rated on the job training as effective or very effective compared to 41% rating pre-hire training as high.” Chief People Officer of NeverWire Inc. states, “The number one reason people leave their jobs is to pursue personal development – the chance to learn something new.” Despite these facts, the private industry has no standard by which educational programs are judged.

Studies indicate that government training programs should include a few basic elements. The structure of the programs should be simple and clear so that they can be effectively advertised to recruits. The program should be flexible and up to date. If possible, they should allow the IT professionals to define their own curricula. The programs should be available to both existing IT employees and other government employees that demonstrate an inclination toward information technology.

As with other solutions to IT-related problems, government has limited resources with which to address training and development. As one might expect, IT departments with more employees offer more training days on average than those with fewer. This is a reflection of resource availability.

Most public agencies, to their credit, already have training policies and procedures established. They also, thanks to the governmental budgeting process, know generally how much money they can dedicate to either outsourced or in-house training. Some programs even advertise their educational resources to potential recruits. The County of Riverside in California touts its training program on its website and places a banner advertising training opportunities prominently on its central HR page. In a perfect world, state and local organizations would have the necessary staff to properly evaluate the popularity and importance of modern technical training. Accurate evaluation of the importance of various types of technology requires a significant expenditure of man-hours. The META Group recommends at least one full-time employee dedicated to this function. While costly, constant evaluation of technical skills makes training more valuable than arbitrarily chosen classes.
Environment and Innovation

The least-researched aspect of IT employment is “environment.” Analysis of work environment is both the most simple and most complex aspect of recruitment and retention. On one hand, everyone wants to work in an attractive, interesting, and innovative environment. On the other, no one has defined exactly what that means. For some, “environment” is a statement on the elements of retention that this report has already addressed. For others, “environment” is a statement on the physical appearance of an actual workspace. For the purposes of this report, environment is a catchall for innovative programs that make employment more enjoyable. Many cities and counties have embraced telework as a means by which to reduce stress in their employee’s lives. Some of the most interesting programs, however, have been instituted in a few private companies. These are simply “perks” that make the working world a little more enjoyable.

Telework, formerly known as telecommuting, is an attractive alternative to physical commuting. The International Telework Association and Council estimates that there were 23.6 million teleworkers in the United States as of October 2000. Infonetics Research also estimates a 529% increase in Virtual Private Network technology proliferation, the technology that makes remote access possible. Many organizations shy away from telework for fear that it will reduce productivity and reduce formality in work production. Some government organizations however are better suited to telework than their private sector counterparts. They have the flexible attitude and dedication to employee well-being that can be absent in the cutthroat world of private business.

In the spirit of telework, Sun Microsystems of Palo Alto makes Drop-in centers available to its employees. The centers are scattered throughout the San Francisco Bay Area and are open twenty-four hours a day, seven days a week. Each center accommodates roughly fifty workers with networked workstations and supplies. Such centers would in all likelihood be too expensive for the public sector, but they demonstrate the effectiveness of working “out of the office.” Employees rate the centers as a highly attractive alternative to commuting. Telework’s technical nature seems to especially appeal to the technically savvy IT workforce.

San Mateo County founded a telework program in 1987. The county trains roughly 50 employees a year in various departments for telework. The program’s longevity and popularity both testify to its positive impact on county staff retention. Florinda De Lion, Benefits Administrator in charge of telework for the County of San Mateo, reports that the program is indeed popular and contributes to the general happiness of the county staff. She also states that, due to California’s energy crisis of 2001, a county building is closed each Friday, making informal telework a necessity for the entire county staff at one time or another and creating a positive, informal environment. Many municipalities use a flexible work week, for example, allowing employees to work four ten
hour days a week. The City of Palo Alto closes its City Hall every other Friday and makes nonstandard hours a matter of policy.

Some government organizations engage in relocation strategies in order to entice talent to their area. The Relocation Journal addressed several aspects of such programs in an article entitled “Relocation Strategies for Recruiting and Retaining IT Talent.” Among other things, the article states that programs should include the following elements: benefits tiered by grade, reliable cost-of-living data, home-finding trips, home-marketing assistance, professional tax consulting, and temporary living assistance. Once again, some of these programs are beyond the capacity of state and local governments. The public sector is not, however, without options in relocation assistance.

Santa Clara County, CA, approved a home-loan assistance program for recently recruited department heads. While this program does not address IT professionals specifically, it does provide insight into the type of strategy that might be applied to recruits with mission-critical IT skills. The county approved the issuance of loans not to exceed the following provisions:

The loan would be a variable rate loan based on an annual review of the established pooled interest rate, would not exceed 90% of the purchase price nor exceed 5 times the employee’s salary at the time of the loan and shall have written agreement approved by the County Executive, County Counsel, and the Finance Director.

The City of San Jose employs a similar strategy. They break their program into five parts as follows.

- Subject property must be the employee’s principal residence and located within the corporate limits of San Jose.
- Loan term may not exceed 30 years.
- Loan amount may be up to $250,000; exact amount to be determined on an individual basis and will be secured by the property.
- Repayment will be made in installment payments of interest only; the balance of the loan is due in 30 years or within six months of the sale of the property or the employee’s termination with the City or a default of the loan.
- Interest rate will be based on the average annual rate of return the City receives on its idle funds investment portfolio, which is currently about 5.5%.

In a flexibly staffed system, such loan and relocation programs could be administered not only for executives but also for any employee with a mission-critical skill. Unfortunately, due to the aforementioned inflexibility of the public sector, such administration may be difficult. The targeting of mission-critical skills requires a dedicated evaluation staff and the resources that entails.
Innovative retention strategies are myriad in the private sector. At the height of competition for personnel in 1999-2000, many companies offered innovative and creative perks. Inlumen Inc. of New York offered each of its employees $50 a month with the caveat that it be spent on something culturally or socially redeeming. Fannie Mae of Washington, DC offers its employees an Elder Care Consultant to help them address their aging parent’s needs. BMC Software of Houston, Texas provides its employees with onsite car washes and oil changes. Such programs may seem frivolous, but can provide a special sense of enjoyment and belonging that simple compensation does not.

Innovative workplaces do not benefit only the information technology workforce. Again, the democratic nature of municipal government would prohibit special favors being issued to only the IT department. Some of these IT recruitment and retention tactics require flexibility and skill assessment in the greatest detail. Others could be issued to entire city staffs with only available resources limiting their application. Each needs to be administered with resources and environment in mind.

Publicity

All of the innovative recruitment and retention tactics in the world do not do a city any good if they are not properly publicized. It is essential that after the creation of any of the above programs, the information be available to recruits both actively and passively. There is plenty of room for innovation in this field beyond the simple posting of job information on web pages and third-party job boards. While the use of technology described earlier in the report is important, agencies should also attempt to reach people not actively seeking jobs in the public sector. They should emphasize the positive aspects of their specific area. Finally, they have to tailor their programs toward the right kind of employee. Examples of successful programs abound.

Active job seekers represent just a portion of recruitment targets. The private sector looks for people who are not looking for new jobs. The public sector should do the same. This means seeking out recruits from non-standard sources. The ITAA recommends raiding non-IT departments in universities that have an IT-rich tradition. “Schools like the University of Maryland with strong computer science areas encourage all departments to exploit technology. Students in these programs can be encouraged to pursue IT careers.” Public sector HR departments that have the resources to dedicate staff to evaluations of this nature could reap the benefits of undiscovered IT talent. In an attempt to reach passive recruits, the City of San Jose has gone so far as to fly planes over local sporting events pulling banners advertising the benefits of city employment. The city also purchased advertising space at local movie theaters in an attempt to create interest among passive citizens.

Advertising the benefits of certain geographic areas is easier than advertising the benefits of others. Some areas simply have the social infrastructure...
to support an incoming workforce. All one needs to do is make that information available to recruits. The magazine *Fast Company* termed these areas “plug and play” after simplified computer ports that do not require lengthy set up time in order to add new hardware.\(^{42}\) It is in this way that some successful communities market themselves. “Now we are seeing the rise in plug-and-play communities, places like Austin, the Bay Area, and Boston, where you move in, plug in, and within three weeks you’ve built a network of friends and colleagues.”\(^{43}\)

Cities seeking to compete in this arena should focus publicity on their “plug-and-play aspects.” This includes entertainment, outdoor activities, and a cosmopolitan atmosphere. The magazine further cited Austin Mayor Kirk Watson and his promotion of Austin’s tech industry, music scene, outdoor amenities, and laid-back atmosphere.\(^{44}\) The City of Anaheim undertook a massive “branding” program designed to associate Anaheim with resort-fun in the minds of recruits and travelers alike. The strategy includes everything from freeway billboards to a website that advertises many of the noteworthy things that the community has to offer. Most interesting was a list of upcoming events. The website makes mention of upcoming basketball games, musical concerts, museums, and theme parks. Many of the mentioned areas included photos to help manufacture an atmosphere of excitement and vibrancy.\(^{45}\) This strategy is obviously easier in places like Austin and Seattle than in less active, picturesque cities. Despite whatever shortcomings an area might have, publicity efforts should attempt to portray a vibrant, young, accepting community.

Finally, the public sector should recruit to its strengths. Some programs succeed by marketing themselves to workers that wish to take advantage of government’s stability, comparatively low time demands, good retirement benefits, and low-stress environment. In an informal poll of the City of San Jose’s IT Department, the staff ranked “job security,” “flexible work schedule,” and “benefits” numbers 2, 3, and, 4 in their decision to work for the city.\(^{46}\) Publicity efforts need to access the workers to which these job elements are important.

Government’s natural recruitment and retention policies are at odds with the nature of information technology work and the new economy that supports it. Government’s lower pay, slower response time, inflexibility, lack of performance rewards, and sometimes stifling environment hurt its ability to recruit qualified employees of any kind. The speed demanded by, specialization of, and variable demand for IT workers, demonstrate these shortcomings in dramatic fashion.

Implementation strategies should vary according to the resources and culture of the organization as well as in response to the marketplace. There is no single solution. Government need not surrender in the war for qualified IT talent. Difficult though it may be, government has a responsibility to provide services in this relatively new but important aspect of the United States economy.
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4 Ibid.


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12 Interview with Nona Tobin


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30 Bill Breen, “Full House,” *Fast Company* (January 2001), p. 120.

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Pre-Employment Testing on the Internet: Put Candidates a Click Away and Hire at Modem Speed

John Mooney

Many public sector agencies have discovered the Internet is vital to recruiting qualified candidates in today’s fast-paced job market. The Riverside County, CA Human Resources Department has taken online recruiting to the next level and entered a relatively new (for the public sector) arena by implementing online pre-employment testing. Exchanging the more rigid traditional forms of written testing for the speed and flexibility of an Internet-based test was not a difficult choice. The organization has a tradition of using innovative recruiting methods and embracing technology. The transition to online testing continues to be a learning experience for human resources. This article outlines Riverside’s implementation experience, some ways that the technology can heighten recruiting efforts, and offers some practical advice for any organization considering online testing.

With strong competition for job seekers in the current labor market, governmental agencies are re-thinking traditional recruiting and hiring processes. The Internet has become the favored tool of job seekers. Governmental human resources departments are quickly becoming competitive with the private sector in the use of the Internet as a recruiting tool. Simply posting a list of jobs on the HR web page with a job-line phone number or at best a downloadable paper application form is no longer a viable option for organizations seeking to attract and hire the most qualified candidates.

On July 1, 2001, as part of an overall plan to reduce the time required to hire probation employees, Riverside County Human Resources brought up an online pre-employment examination process. This article outlines the county’s development and implementation experience and provides some practical advice for any organization considering the use of this technology.

Riverside County is the fourth largest county in the state of California, stretching nearly 200 miles across and comprising over 7,200 square miles of fertile river valleys, low deserts, mountains, foothills and rolling plains.
Riverside County share borders with densely populated Los Angeles, Orange, San Diego, and San Bernardino Counties—extending from within 14 miles of the Pacific Ocean to the Colorado River. Recent years have brought dramatic population growth to Riverside County. Between 1980 and 1990 the number of residents grew by over 76%—making Riverside the fastest-growing county in California. By 1992, the county was “home” to over 1.3 million residents—more than the entire population of 13 states, among them Maine, Nevada, Hawaii, and New Hampshire. The County of Riverside is the largest employer in the county with over 16,000 employees.

The Riverside County Human Resources Department fully embraces the use of technology, particularly the Internet. A candidate only has to submit one resume to be considered for all jobs with Riverside County. The computerized Job Match system matches skills and abilities on a candidates resume with all openings in the County. The HR web page is used as the hub of interaction with job seekers as well as current county employees. The site contains all the information a candidate needs to pursue a career with the county. All the basic HR information including job listings, benefits information and application information can be accessed with the click of a mouse. There is also a resume builder where candidates can submit their resume on-line, streaming video clips of interviews with employees about what it is like to live and work in Riverside County, and even on-line testing for selected positions.

Most people who have applied for jobs with governmental agencies have had to take a pre-employment test of one kind or another. The typical scenario is that you go to a large room during business hours and take a written examination along with hundreds of other candidates. A month or so later you receive a letter informing you of your test results and indicating that you may be called at some point in the future for an interview. The whole process seems impersonal and often leaves the prospective candidate wondering exactly where they are in the selection process. From the employers point of view this type of process is slow and results in a loss of the best candidates who often accept a job offer made by another employer before the governmental agency can even notify them of their test score.

The Riverside County Human Resources Department is quickly abandoning the traditional written test as a means of pre-screening candidates. In order to hire the best candidate in the shortest time and in the most efficient manner, Riverside County is utilizing Internet-based testing to expedite the selection process. Internet-based testing has been used to screen candidates for the county’s newest career development program. Job seekers may now log onto our web site 24 hours a day and test for entry level positions with our Probation Department. The Human Resources Department is currently working on expanding the use of Internet-based testing to screen candidates for other positions that require testing further reducing the need for paper and pencil examinations.
The Information Technology TechAcademy

The county’s first experience with Internet testing grew out of a need to screen candidates for an innovative career development program know as the Riverside County TechAcademy. The Academy allows the county to “grow their own” Information Technology (IT) staff using current employees. In addition to the logical fit of computer-based testing with an IT training program, Internet testing provided greater access for employees and more efficient scoring than a traditional written test.

The screening test developed for the TechAcademy consists of two parts. The first part of the test measured a candidate’s basic aptitudes in key areas and could be taken from any PC with access to the Internet. The second part of the test was given in a proctored environment to verify the identity of the candidate taking the test. Responses from the proctored test were correlated with the un-proctored test to determine if the candidate had “help” when they took the un-proctored portion.

There were many advantages to using the Internet-based test for the TechAcademy. Applicants were able to take the test at their convenience 24 hours per day, seven days per week from home or at work. This flexibility negated the need to assemble everyone in one location and employees did not have to take time away from work to take the test. The test was timed. However, the speed of a candidate’s Internet connection did not affect the time they were allowed to take the test. The test timer automatically compensated for the speed of the connection. The results of the test were available to the administrator in real time allowing them to quickly make selection decisions.

Out of the 100 initial TechAcademy applicants, 83 passed the initial un-proctored test (based on a pre-established cut-off score of 82% on the test). After the selection interviews were completed, potential candidates were tested using the proctored confirmatory test. There were three people who scored so low on the confirmatory test that the validity of their original initial test score was compromised. In simple terms, the confirmatory test indicated they most likely had assistance when they took the un-proctored test. These individuals were disqualified from consideration for the program.

On-Line Testing for Probation Positions

Riverside County’s Probation department has recently expanded through a combination of new grant funded programs and the construction of a third juvenile detention facility. This expansion in conjunction with a sizeable vacancy rate in existing positions created a need to fill over 200 positions as quickly as possible. One of the most time consuming parts of the hiring process was the traditional governmental written pre-employment test. The State Board of Corrections (BOC) controls the written tests for the two key entry-level positions in probation. Candidates must take a separate test for each position they are applying for. Test booklets and answer sheets must be ordered
from the BOC’s contractor. After each test is administered, the answer sheets must be sent back to the contractor to be scored. The contractor then returns the scores to the county and the county notifies the department and applicant of the results. This process usually takes six to eight weeks, far too long to capture the best applicants in today’s job market.

As mentioned at the beginning of this article, Riverside County implemented an online test for entry-level positions in the Probation Department. The new test provides the applicant with immediate results and has reduced the time required to produce a list of qualified candidates to one week or less. The process begins at the Human Resources website where job seekers can research and apply for positions online. After reviewing the job description, candidates click on a link that takes them to the first page of the test. The first page asks them basic questions to determine if they meet the minimum qualifications for the positions. If the responses indicate the candidate meets the minimum qualifications, they continue with part one of the test. The first part of the test has 20 items and takes applicants 15 to 20 minutes to complete. The 20 items measure judgment, coaching, teamwork, and interpersonal skills to predict if the applicant will be successful in the hiring process. If the candidate passes the first portion of the test, they receive a “pop up” congratulatory message instructing them to submit their resume to the website and to contact HR to schedule part two of the test (part two is proctored to verify the identity of the test taker). People who do not pass receive a message stating they did not score well enough to continue the process and are encouraged to submit a resume for other positions with the county. The proctored portion of the test is held at weekly and is also Internet-based. The second part of the test has three sections, Leadership Skills, Decision Making/Problem Solving, and Communication.

The first section contains 123 items designed to measure leadership skills in four key domains:

- Business Leadership assesses planning, organizing, problem solving, and decision making abilities.
- Leadership Motivation evaluates self-confidence, achievement orientation, persistence, resilience and initiative.
- The Interpersonal Leadership items include an assessment of the candidate’s ability to persuade, influence, gain commitment, build relationships and develop teams.
- Self-Leadership evaluates a person’s commitment, autonomy, attitude, integrity, and stress tolerance.

The second section of the proctored test contains ten math problems designed to evaluate the applicant’s learning ability, problem solving, and decision making skills. This section requires a candidate to solve word problems and calculate results using data presented in charts and graphs.
The third section of the proctored test contains 10 items that evaluate communication and verbal reasoning skills. The items consist of pairs of words that applicants are required to match with analogies representing a relationship similar to the one demonstrated in the original pair. For example, the words book and chapter would be matched with play and act because chapters divide a book in the same manner that an act divides a play into parts.

The proctored test is not designed to have a time limit. In order to manage the test sessions, an arbitrary time limit of 90 minutes has been established. However, Riverside County HR is considering reducing the time limit as most applicants finish the test in 45 minutes to an hour. Again, candidates are notified of their results via a “pop up” message immediately upon completion of the test. From there the applicants move on to interview with the Probation Department.

As of September 17, 2001, 436 applicants took the initial test and 346 passed. Riverside County HR has administered the proctored test to 133 people of which 107 passed. Applicants are currently scheduled through mid October for the proctored exam. The county is adding more proctored testing sessions to meet the immediate demand. Human Resources is also working on redistributing portions of the exam making the un-proctored version longer and the proctored version shorter. This change will allow the county to proctor tests more quickly and increase the capacity of the application process.

The response to the Internet test from candidates has been very positive. For example, a person who was somewhat frustrated with applying for government jobs contacted HR to express his concerns. One of his concerns was that he had missed a written test for Deputy Probation Officer that had been given a few weeks earlier. While addressing his concerns, an HR employee gave him instructions for locating the on-line test. He took the test, passed and sent the following feedback to HR:

“I just took the test online and I passed. I am scheduled for the second part of the test next Wednesday. I only hope Riverside continues to allow applicants to take more tests on-line. I currently work in Pomona Ca. However, in less than 15 minutes, I avoided the traffic, people, and took the test. I am just amazed by this. Thank you and do take care.”

Clearly this person has a much better image of Riverside County as an employer and views them as an innovative government agency.

**Selection of an Internet-Based Test**

First, you need to decide if you are testing for hard skills (i.e. proficiency in a particular kind of software) or basic knowledge (i.e. problem solving, communication skills, etc.). The type of test you choose may depend largely on the level of position you are trying to fill. For entry-level positions a basic skills test may be more appropriate since these positions usually do not require specific job knowledge. For journey-level positions, a hard skills test may be better.
Both the Tech Academy and the Probation Department needed a test that would be:

- Effective at screening for the most qualified candidates
- Capable of assessing basic skills critical to entry-level positions
- Legally defensible
- Accessible at any time from a variety of locations
- Scored quickly (immediately if possible)
- Quick to implement

Due to the large number of positions that need to be filled in the Probation Department, Riverside County Human Resources has instituted an aggressive nation-wide Internet recruitment effort. This effort has generated a large volume of applicants. These needs dictated some additional criteria for selecting a test:

- Nation-wide access
- Electronic notification of test results and “next steps” in the process
- Quality toll free technical assistance for applicants
- One combined test for both entry-level positions

There are many different types of Internet and computer based test companies who design tests specifically for pre-employment screening. Some companies offer “Authoring Software” allowing the user to develop their own test questions. The software converts the questions to a format that will be compatible with the company’s system. You can then choose to use the self-authored test on a local PC or you can make it available on the Internet (for a fee). Many companies have a “menu” of tests for various common job classifications and almost all of them will do custom work.

Pricing structure varies making price comparison difficult. Some companies charge for test development and have a low per test fee, others have no development charges but the per-test fees are usually higher. Many companies will offer some version of a bulk purchase discount. If you purchase a large number of tests there is a discount on the per-test fee. If you anticipate a large volume of testing, don’t hesitate to negotiate. Most companies are willing to discuss price reductions if you will be giving them a large volume of business. In general, if you have a few openings to fill, the no development/higher per test cost option may be the most effective. Conversely, if you have a large number of vacancies or an ongoing recruitment, paying more up front in exchange for lower per-test fees might make sense.
Purchasing authoring software and developing “in-house” tests is an attractive option. This is usually the least expensive type of test software and allows the greatest flexibility in developing questions. However, most authoring software will only allow you to develop yes/no or true/false questions. Another issue to consider is the validity of the test. If you author a test locally, you are responsible for the validity of the test if it is challenged.

The technology involved in creating an online test is fairly standard. Some companies offer sophisticated applicant management systems that allow you to track candidates through the hiring process. Some companies will even handle all of the applicant management functions and simply notify you of who the most qualified candidates are. Probably the most time-consuming service companies provide is to validate the test they design for you. Compare validation results to be sure the test you select will produce quality candidates.

Ask any company you are considering about technical support and check with other customers to see how they rate the support. Evaluate the support provided to staff that administer the test as well as support provided to applicants. Having a test available on the Internet is a powerful recruiting tool and has the ability to generate huge volumes of applicants. The last thing your organization needs is a flood of calls from people who can’t get into the test.

**Development of the Tool**

Regardless of the type of test you select, consider exactly how it will fit into your planned recruitment efforts. Do you need to limit access to the test in any way? The Riverside Probation test is fairly open. Applicants answer six basic screening questions derived from the minimum qualifications for the position before being granted access to the test. Do you need an application form or a resume before people take the test? You will also need to consider how you want candidates test results evaluated. Do you need a score ranked list of applicants or a pass/fail criteria? What kind of cut-off score do you want to use? These are the types of questions you should be prepared to consider before you begin the development of a test.

Unless you are developing your own test questions, most companies you consult with will want to perform some kind of a job analysis to use as a basis for developing test questions. You can expedite the process by providing your own job analysis if you have one. As with any consultant relationship, monitor the development of your product carefully to ensure the end result is what you expect. Other issues to consider when developing an online test:

**User identification and passwords**

A certain percentage of people will forget their User Identification and password or write it down incorrectly. If you want to give people the flexibility of taking the test in more than one session or if you plan to have a two-part testing process, as Riverside County does, you will need to provide applicants
with an individualized user identification and password. It is important that
the test administrator has the ability to look up the individual’s user identifi-
cation and password. At a minimum the test administrator needs to have the
ability to reset these items for the applicant without losing access to work they
have completed in prior sessions. Having access to this information will save
time and frustration for both the applicant and the test administrator.

**To time or not to time**

Most companies that do this kind of work can build a timer into the test.
You can have each section of the test timed individually or establish a total time
limit for the test. Having a built in timer is especially helpful if you have a pro-
tored test. One difference between proctoring a computer based test and a
written test is that it is difficult to start everyone at the same time. People will
have individual problems and need attention getting started with the test.
Some problems are complex like not knowing the correct User ID or password,
others may be as simple as “this isn’t like my computer at home.” A positive
outcome of this problem solving interaction is that it makes the testing experi-
ence more personal for the applicants. Having an automatic timer will make
it easier for the proctor to start people at different times. If you plan to allow
people to test on a “walk-in” basis a built-in timer is critical.

**Security**

Internet tests are generally secure in terms of the data they contain. If
you plan to have a test that people can access on their own from any location,
you will need to determine the level of risk you are comfortable with in terms
of the honesty of applicants. If someone is taking a test from a remote location
there is no practical method of preventing the applicant from obtaining assis-
tance with the test. Also, unless you issue individual passwords to each appli-
cant, it is very difficult to prevent people from taking the test more than once.
The registration process for any un-proctored test should include a statement
that falsifying information or enlisting the assistance of another person will
disqualify the applicant from being considered. In most cases you will want to
have some kind of agreement or rules the applicant indicates they agree to
follow by clicking an “accept” button. You can also obtain a signed statement
from the applicant admonishing them that falsifying application information
is grounds for termination.

One way of determining if an applicant truly passed the un-proctored
test without “cheating” is to administer a second confirmatory test under super-
vision. Consider creating a “mini” version of the un-proctored test that can be
administered quickly prior to interviewing a candidate. Ideally the test should
be designed to automatically correlate (in real time) with the candidate’s
responses on the un-proctored test to determine if they had any assistance
taking the test in the remote setting. As noted earlier, the Riverside County
TechAcademy used this approach and found that 3% of the applicants tested
may have falsified the application process.
Controlling access to the test

Having a test available on your website is a great recruiting tool. However, making the test more accessible to serious job seekers also invites people who want to log in just to “play” or see what the test is like. One candidate who was taking the test in earnest stated that she was so intrigued by the technology that she had to remind herself she was taking a test. Other than creating false applications, people taking the test merely to satisfy their curiosity are not a problem unless the company you are working with bills you for these erroneous tests. Be sure to ask if the company has any means of preventing this type of activity or at least a means of weeding the false applications out before billing you.

The Internet is not always your friend

If your test is run on the Internet rather than on a hard drive or local server people taking the test run the risk of losing all or part of their work when your Internet connection fails (trust me, at some point it will). In order to minimize the frustration level of people who have this experience with your test (particularly if it is a long and/or difficult test) be sure to evaluate the system’s capacity for retrieving data. If you are testing in a proctored environment you may want to consider a system that stores the applicant’s responses on a local server or hard drive until the test is complete and they are ready to submit it over the Internet. Another low-tech option is to give candidates a written score sheet to record their answers on. It will slow them down a bit but will save them from the frustration of losing their responses should the Internet connection go down.

Notifying applicants of their test results

Most people want to know how well they did after taking a test. If you choose to notify people of their results, automating a response is the only way to go. Doing so will save a great deal of time spent preparing notices and mailing them to applicants. Most automated tests are scored in real time as the applicant completes each question. With this kind of technology you can provide an automated notice immediately upon completion of the test as the Riverside County Human Resources test does. The automated message can even include information about the next step in the process for people who pass. Another option many companies offer is to E-Mail applicants their test results.

Up and Running - Using the Tool

Having a test available on the Internet creates a wealth of opportunities for creative recruiting. The benefits of having an un-proctored test accessible to applicants such as increasing the volume of applicants, speeding up the hiring process and administering un-proctored tests over distances have
already been discussed. Even the proctored portion of the test can be administered from afar. In Riverside County, applicants who would otherwise have to travel long distances to take the proctored portion of the test are offered an opportunity to test in their own community. Arrangements are made with a reputable organization in the applicant’s community (usually a college career center) to proctor the test on behalf of Riverside County HR. The proctored test is available on the Internet and password protected. All the local agency needs to access the test is the URL, the password, and some basic proctoring instructions.

Don't throw away your written test yet!

Not all job seekers use the Internet as their primary job search tool. In fact, some don’t have access to the Internet and are not comfortable with computer-based testing in general. When transitioning from a written test to an automated one, consider continuing to offer the standard written test with limited frequency until you are sure you are reaching all the candidates you want to attract. For positions that do not require regular use of a computer you might be closing the door to some very qualified candidates if you test exclusively on the Internet. Before completing the transition, lead people to the web using advertising in places you would typically announce a written test. Be sure that print advertising announces the change and emphasizes the benefits of speed and convenience to job seekers. Be sure to indicate where people who do not have Internet access can go to take the test. Try to make arrangements for free access to the Internet in advance of the change. Doing so will ensure that your current candidate pool follows you to this new application process.

Locally, Riverside County HR has used the online test in employment centers and at job fairs to increase the volume of candidates tested. In general candidates have more investment in following through with the application and interview process after taking the test. By making the test accessible and providing instant results people state they feel more confident in the process and the organization. It is still too early in the Riverside experience to determine if the online test is producing higher quality candidates than the written test used previously. The Probation department has a lengthy background investigation process that each candidate must complete before they are hired. As a result, the department has not hired enough people at the date of this writing to compare the success rate of candidates who took the online test and those who took the written test. However, the Internet test has increased the volume of candidates, increased the flexibility of the testing process, and reduced the time required to screen and refer candidates for a selection interview. Riverside County Human Resources anticipates that the ultimate results generated using the online test will be favorable.
**Final Thoughts & Future Plans**

Online testing in combination with other Internet-based recruiting strategies has proven to be less expensive than written testing for the Riverside County Probation Department. The Department spends an average of $28 per applicant to administer the written test (including advertising costs and room rental fees). The average cost to administer the new on-line test is $17 per applicant. The difference in cost is in large part due to the volume of testing Riverside County Human Resources is conducting. Internet-based tests may not always be less expensive than written tests if you are working with a testing company that does not provide a volume discount or if you are recruiting for a small number of openings.

One suggestion to consider is to develop partnerships with other organizations that have similar types of positions to fill. For example, Riverside County could partner with other counties to share the development and administration costs of testing for probation officer positions. This type of consortia would create enough volume to significantly reduce the per applicant cost of testing.

The county is currently reviewing options for the implementation of skills-based testing online for clerical positions. Typically, Riverside County tests almost 1,000 clerical applicants each quarter using a written test. Testing this volume of people on a quarterly basis has become chaotic and ties up staff who administer the test for a week each quarter. The county hopes to streamline the application process for these positions and offer testing on an ongoing basis over the Internet. Doing so will provide the organization with a steady stream of qualified applicants rather than the quarterly wave currently experienced.

Internet based pre-employment testing will benefit your recruiting efforts by attracting more candidates and increasing your ability to recruit from afar. The real time scoring and automatic notification features will expedite your hiring process and reduce staff time you currently use for these activities. With careful planning and process management you will be able to tailor this kind of tool for a best fit in your overall recruitment plan. Bringing up an online test is a learning process. As you increase your understanding of the technology and how it fits your needs, your desire to make revisions will increase. Fortunately the technology has the flexibility to allow modifications that will enable your testing process to evolve with your organizational needs. For the Riverside County Human Resources Department, the implementation of online testing fits with the organizational philosophy of thinking outside the box and encouraging innovation. The use of this technology definitely contributes to achieving the department’s mission to hire the best candidate in the shortest time and in the most efficient manner.
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Great Candidates Fast:  
On-line Job Application  
and Electronic Processing  

Washington State’s New  
Internet Application System  

Brad Bingham  
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Neil Davidson

The state of Washington Department of Personnel has recently launched a new Internet based tool to provide hiring managers throughout state government with virtually instant certification of highly qualified candidates for employment. The new Internet Application system allows simultaneous on-line application submittal, screening and testing, scoring and notification, eligibility list placement, and referral for interview. It is a revolutionary improvement over the traditional recruitment and selection system, and reduces recruitment cycle time from several weeks to one or two hours. Certifications are tailored to fit key skill requirements provided by the hiring manager and can be customized for each position. The Internet Application system provides job seekers a very convenient and easy-to-use means for submitting an application from any place, at any time. The implementation of this initiative is crucial to fulfilling one of the Department’s highest priority goals of having high quality, diverse, and available job candidates ready for managers to hire in the shortest time possible. Internal operational efficiencies and cost savings are other key benefits of the new Internet Application system.

The Washington State Department of Personnel provides staffing services for 70 state agencies with a combined workforce of approximately 50,000 employees allocated to 1800 job classifications. Work locations are distributed geographically throughout the state in several hundred work sites. Each year, approximately 100,000 employment applications are received and approximately 4,000 positions are filled.
The department’s mission is to support and facilitate state government efforts to attract, develop, and retain a productive and diverse workforce that is capable of delivering quality services to citizens of Washington State. A key goal in support of this mission is to recruit, screen, test, and refer qualified, available job candidates to hiring managers in the shortest time possible.

For nearly four decades the state’s recruitment and selection process has remained substantially unchanged. It has been a cumbersome, paper-laden, complex, and labor-intensive process. Typically, it has taken several weeks or months to finally establish a list of eligible candidates for referral to appointing authorities.

In recent years, aggressive efforts have been made to streamline this process. By eliminating unnecessary steps and clarifying processing standards, the Department of Personnel has reduced average recruitment cycle time from approximately 12 weeks in 1995 to 5 weeks in 2001.

Nonetheless, customer satisfaction with the process remained low. The most recent customer survey data showed managers’ satisfaction rates with recruitment cycle time, candidate quality, and candidate availability at 43%, 39%, and 48%, respectively. Interestingly, these satisfaction rates are lower than previous years even though cycle time has decreased significantly. Clearly this improvement was not enough, fast enough.

After extensive surveying of hiring managers and other stakeholders, the department found that customers wanted a recruitment and selection system that was not only fast, but also flexible, paperless, and inexpensive. At the same time, they wanted a system that could be tailored to their individual recruitment needs, be customized to select for position-specific skills, and provide up-to-date, easily accessible candidate information. They wanted a system that would reliably produce high quality candidates and be fair and equitable to all applicants.

It became clear that the solution had to go well beyond a streamlining effort. Increasing customer expectations and needs for quality and speed meant major systemic change — a change made possible through Internet technology.

In response, the Department of Personnel recently launched the Internet Application system (dubbed Inet App) that allows simultaneous on-line application submittal, screening and testing, scoring and notification, register (eligibility list) placement, and referral for interview. The Inet App is a revolutionary improvement over the traditional recruitment and selection system. It reduces cycle time from several weeks to one or two hours.

In addition to meeting the needs of hiring managers, Inet App has several benefits for job seekers. They can submit their application and take the test from the convenience of their personal computer in one sitting. They receive instant on-line notification of their application status. The system maintains an on-line candidate profile that the applicant can update as needed and use to apply for future vacancies.
In addition, the job information website from which Inet App is accessed contains a wealth of information about the state of Washington as an employer to help prospective candidates make an informed decision about working for the state. It portrays an employer that is supportive of its workforce through rewarding careers, good benefits, family-friendly policies, and many training opportunities. This support even extends into retirement; retirees may opt to be placed on a registry for involvement in limited term work.

Inet App will also benefit the Department of Personnel internally. Significant savings are anticipated in time spent in routine database updating, telephone calls and other correspondence, postage, printing, and application storage expenses.

But more than that, staff will be able to shift from manual processing of applications and screening and testing activities to using their professional human resource expertise in more varied and intrinsically interesting work. The best automated tools are those that support the staff in the exercise of their creativity and expertise.

### How Inet App Works

Job seekers access the Inet App process by visiting the Department of Personnel’s job information website (http://hr.dop.wa.gov/statejobs) and clicking the job vacancy of interest. The job seeker is asked to enter basic information such as contact information and education and work history. This creates an application profile that is saved, can be updated by the applicant at any time, and is automatically coupled with each job-specific application the person chooses to submit.

After entering profile information, the applicant responds to a series of questions that constitute the screening or testing device. When done, the applicant clicks to submit the information. Immediately, the applicant receives an electronic message on the screen indicating whether he/she has passed and, if so, the score for placement on the register (eligibility list).

Concurrently, the candidate’s name is placed on the register and is immediately available for referral to the hiring manager for interview. Agencies access the registers and receive candidate referrals immediately at their desktop computers.

With the assistance of a human resource specialist, a hiring manager prepares a list of up to six position specific functions or significant working conditions for the position to be filled. The manager’s selected list essentially serves as a filter; only candidates who match the elements selected by the manager are referred. In the near future, the manager will also have immediate Internet access to an electronic resume drawn from the applicant profile and specific qualifications identified in the application.

To better understand the Inet App process and appreciate its benefits, it is helpful to compare it to the basic, typical steps of the traditional recruitment and selection process. This comparison is outlined in Figure 1.

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Great Candidates Fast: On-line Job Application and Electronic Processing
Benefits for Hiring Manager

The new Internet Application system offers managers the prospect of avoiding lengthy delays in filling positions. Cumbersome recruitment publication, application processing, and testing procedures are eliminated. The Inet App’s automated filing and instant evaluation and scoring of relevant skills is designed to reduce the manager’s waiting period to zero.

Since the recruitments will always be open for application, managers will always be able to consider the most qualified candidates the labor market can generate up to that point in time. New names will continuously be replenishing the registers and will keep the candidate qualifications at the highest possible level. Managers will no longer be limited to considering candidates who applied during a short two to three week application filing window.
perhaps six months, a year, or even longer in the past, and complaints about
having to use a “picked over” list should disappear.

Managers will be considering candidates who have carefully thought
through important features of the position before they officially made a deci-
sion to submit an application. The site gives prospective applicants key infor-
mation about the state of Washington as an employer and the position they are
thinking about applying for.

This improved “fit” between job requirements and applicant desires will
result in managers experiencing fewer job offer turndowns and fewer resigna-
tions after just a short stint of employment. Morale should be higher and
turnover lower because employees will find that there is a very close fit between
what they thought they were applying for and what they, in fact, are experi-
ing on the job.

Employment advertising will be more effective and less fraught with
timing problems. Managers will be able to conduct their own recruitment
campaigns without having to worry that ads placed in specialty publications
will appear after a filing period has closed. Managers can nurture a steadily
strengthening network with various professional groups that accept Internet
ad placements and sponsor member job search registries. E-mailed notices to
Internet discussion groups can contain a link directly to the Department of
Personnel web site.

**Benefits for the Job Seeker**

The Inet App will allow persons interested in working for the state of
Washington to apply through the Internet for any job classification at any time
of the day or night, seven days a week. There will no longer be a rush to meet
a rigid deadline to mail or hand deliver an application. It also eliminates the
adversarial situation of informing someone that they were “untimely” in
submitting their application. While these may seem like minor benefits, it is this
kind of customer interaction that drives potentially great candidates away in
anger.

Applicants will no longer have to worry that if they go out of town for
a couple of weeks they risk completely missing a recruitment opportunity for
which they have been waiting. There will no longer be a need to take the time
to travel a long distance for lengthy paper and pencil testing.

Applicants will instantly know if they have passed the test and are on
the hiring register as they sign out. No more waiting for a results notice to
arrive in the mail or making telephone calls when the results do not seem to
be arriving in the mail as quickly as expected.

The applicant profile – which asks for contact information, education
and employment history, EEO status, veteran’s status, languages and licenses
– need only be filled out once rather than for every recruitment. This is a great
convenience for people who may be interested in applying for multiple job
classes. Typically, most employers require that basic information be submitted
anew with each application. Applicants can easily update their existing profile information as needed.

The Department of Personnel’s job information website provides applicants with comprehensive information about Washington State government employment (e.g., benefits, training opportunities, etc.) and the unique nature of the position they are applying for. This can help them make a more educated decision about whether or not to submit an application.

In addition, to better match candidates with specific positions, Inet App offers a number of avenues within an application to convey personal preferences about working conditions. For example, when applying for an Office Assistant position, applicants can indicate whether they are willing to work in a position that requires four or more hours per day sitting at a computer entering data. Or, that they are willing and able to lift and carry objects of up to 25 pounds. After reading in the application that some agencies have strict security requirements and require a thorough criminal history check, including fingerprinting, applicants can indicate whether they are open to that specific type of review.

The application requires relatively little time to complete. The electronic form extensively uses “drop down boxes” and “check boxes” as a convenience for the user. Experience with Inet App to date indicates an average of 30 minutes to complete the applicant profile. The time to complete the job specific component (which includes the examination) is also averaging 30 minutes.

Every page of the Inet App form is supplied with a help button to provide additional information to candidates. Enabling users to efficiently move around the form with the fewest number of clicks has been a design goal. Lateral movement has been enabled. Feedback from users has been encouraged and a number of improvements have been made based upon user comments.

Every section of the form that must be completed is identified with a transition marker to indicate that the section has been properly completed. This is a convenience that cannot be provided with a hard copy application. In a traditional paper application, a critical section can be inadvertently missed. The Inet App forms are designed so that they cannot be submitted unless all required sections are completed.

Once entered in the database, applicants could receive e-mail notices from the department’s recruiters about positions that they or their acquaintances might be interested in. For example, assume a manager needs to fill a nursing position at a state hospital in Spokane with a person fluent in Cambodian. The entire database could be searched in a matter of seconds for everyone who indicated in their profile that they could speak Cambodian. Recruiters could then send an e-mail to them asking if they know of a Cambodian speaking nurse who may be interested in that vacancy. Applicants will be able to refer friends and associates to opportunities with the state by simply sending them an email with a note and the Inet App link.
Improved Department of Personnel Efficiencies

The Inet App system became operational in October 2001 and, as of this writing, is only available for a handful of job classes. More classes are being added monthly. The Department of Personnel confidently anticipates significant operational efficiencies and associated time and cost savings as it becomes fully implemented.

Printing and postage costs, paper handling time, and paper storage costs will be greatly reduced. Hours of staff time looking for a lost application will be a thing of the past. Staff responding to applicants’ inquiries will be able to immediately access and review the entire application from their desktop computer rather than searching through files of paper applications.

Staff time spent in manually updating applicant records (currently running at about 125,000 updates a year) will be greatly reduced because applicants will be updating their own information in the database over the Internet.

Initially, much of the freed up staff time will be reinvested in converting even more job class recruitments to the Inet App system. Eventually those staffing resources will be redirected to more varied and interesting human resource activities, including: improved program research and data analysis; engagement in effective recruitment strategies; proactive consultation and assistance to agency HR representatives and hiring managers, and other activities that focus on helping managers achieve positive results.

For example, the Inet Application database contains a myriad of data for staff to use in analyzing the quality of service being provided to managers throughout state government. Everything in the database is reportable – geographic availability of candidates, candidates who passed examinations by EEO category, education of candidates, and so on. Of most importance, recruitment staff will be able to closely monitor the availability of highly qualified candidates in each job classification used at any employment location in the state. Diversity of candidates can also be closely monitored. Information will be readily available to launch aggressive targeted recruiting campaigns in a timely manner.

Present Status and The Next Steps

As mentioned previously, the Internet Application system was launched in October 2001. A conscious decision was made to start with only two job classifications, both in the Information Technology field. The strategy was to open the service first to candidates who would likely feel very comfortable using such a process.

During the first two months of operation, 509 people used the Inet App to apply for these two Information Technology classes (25 people applied using the traditional paper process). Of the total group, 465 were placed on the register. The new system worked almost flawlessly.
A special e-mail address was set up for candidates to use in conveying observations about the site and ideas for improving it. Their feedback was invaluable in fine tuning the process and is a feature that will be continued.

The Department of Personnel plans to have 80 job classes on the Inet App system by the end of June 2002. There is heavy lobbying by hiring managers to have the classifications they are interested in placed on the Inet App early on. However, the Department is applying the following prioritization criteria for this initial phase:

1. That recruitment for the class requires a significant time investment on the part of staff to announce and administer. This criterion was identified as being critical because automating these recruitments will free up needed staff time to move large numbers of classes to the Inet App system in the future.

2. That the classifications be those with frequent vacancies. Also included in this category are those core job classes that are essential to an agency’s function (i.e. Social Workers to the Department of Social and Health Services; Transportation Engineers to the Department of Transportation).

3. That conversion to the Inet App format is easy to do because of the simplicity of its required screening or testing process. A good example would be the classification of Registered Nurse, for which there is usually a shortage of applicants. Therefore, the only requirements are a Bachelor’s degree and license as a nurse in the state. Also, for such hard-to-fill positions, the traditional recruitment and selection process seriously compounds the problem of attracting qualified applicants.

Many of the classes selected for this initial implementation phase met two or more of the criteria. The plan is to eventually have all 1800 job classifications on the site so candidates can apply for any state job at any time they are interested.

One of the obstacles to placing a classification on the Inet App system more quickly is the type of exam that is presently used for the class under the traditional selection system. The Department’s professional test developers are busy working with agency subject matter specialists to replace complicated multiple choice exams and modify other testing devices so that they lend themselves to the Inet App format.

**Discussion**

In an excellent article that appeared in the Winter 2000 issue of *Public Personnel Management* entitled, “The Quest for the Qualified Job Surfer: It’s Time the Public Sector Catches the Wave,” the authors present the following paragraph:
“The reasons behind the continued and growing popularity of the Internet as a recruiting tool can be attributed to several key advantages. Specifically, there are at least five reasons why it is prudent for organizations to place a heavy emphasis on their own employment Web page.

1. Effective use of an employment web page is a low-cost alternative to traditional recruiting strategies for both organizations and applicants.

2. Job boards generally provide job-relevant information in a generic format, which does not document the unique qualities of an organization.

3. An organization’s employment page provides a first impression to potential applicants, which is important for those applicants’ intentions to pursue a job.

4. Through a corporate web page, information can be presented that highlights unique aspects of a corporate culture that may attract individuals whom would fit especially well within an organization.

5. Organizations can allow individuals to apply online within the website using features designed specifically for the needs of the organization.”

The five reasons for pursuing a web page listed in the article are all emphasized in the Department of Personnel’s job information web site and its Inet Application system, with special emphasis on the final point.

There have been some concerns raised about reducing the historical emphasis on written tests and increasing the emphasis on evaluation of education and experience. However, the Department feels that the shift will provide managers with candidates who possess the highest possible qualifications for the specific position being filled. The power of the Inet App enables selection to be based upon the manager’s specific needs for a particular position. This is important since all recruitments will be open continuously.

Traditional selection devices tend only to be available to candidates who are in the labor market during a particular two to three week period of time. This results in providing hiring managers a somewhat limited sample of the true labor market interested in competing for this job opportunity. This sample becomes even more skewed by reducing the pool of successful candidates to those who are willing to travel to a testing center, take a paper and pencil test, and then wait for weeks for results. Each of these artificial barriers adversely affects the quality of the candidate pool. In contrast, the private sector is offering hiring interviews based upon e-mailed resumes. To compete more successfully, the department has chosen to accept applications continuously and streamline the screening/testing process.
For years, the tacit assumption among some staffing professionals has been that people who do not appear for written tests are the least qualified candidates and it is probably just as well that they didn’t appear. It has become apparent that many of the people who choose not to participate in an arduous, time-consuming multi-step selection program are very promising prospects.

In the efforts to improve service and internal efficiency through increased use of Internet technology, Department of Personnel staff learned that it is often a mistake to automate an existing process without redesigning it. Massive improvement requires all fundamental policies and requirements be carefully analyzed. In developing the Inet App, several significant paradigm changes to historical business practices were identified:

- Historically job seekers were required to submit a completely new application for each published job opportunity – a time consuming process for both applicant and reviewer. In addition, applicants were required to provide extensive responses on experience and training examinations so that human resource staff could properly determine applicant ranking. These processes were established to make it easier for staff to process applications rather than easier for the applicant to apply.

- Traditionally, recruitment announcements were typically open only for a two-week period. This created an artificial barrier to application flow in order to help focus limited administrative processing resources. Unfortunately, this also created a barrier to applicants being able to apply when they were interested in seeking employment with the state.

- Traditional recruitments used examinations designed to identify the best qualified for the job class. The new paradigm calls for banded scores from a more simplified classification based exam and the expansion of a position specific screening process to let managers determine the best-qualified candidates on a position-by-position basis.

- As people become more and more comfortable and sophisticated with the Internet and other electronic means of doing business, their expectations for fast, quality service increase quickly and dramatically. Consequently, it is important to continually solicit feedback and be planning for the next special features of Inet App. For example, The department plans to add a feature that will enable candidates to easily view job families and career path relationships. This will help reinforce the fact that the state of Washington is a progressive employer and is interested in employees advancing in their careers.
Conclusion

The Internet Application system represents a culmination of a multi-year effort to provide managers with seamless on-demand service. Managers will instantly have available fresh names, contact information, and qualification information for people who possess the most important skill requirements identified by the manager for that position. Candidates on the electronic register will have thoughtfully prescreened themselves based on clearly presented job features. As the site becomes fully activated, complaints about slow service will virtually disappear because candidates with the highest qualifications will be instantly available at all times.

The Inet Application is all about customer service and fit. Fit in the sense that a new employee will be happiest in a position that best matches their skill set and their special interests. And, fit in the sense that hiring managers will receive candidates who much more closely match the manager’s needs and specifications as quickly as possible from a candidate pool that is always available.

Even in its early stages, the new Internet Application system is sending a clear message throughout Washington State government that the Department of Personnel is committed to innovation and resourcefulness in improving human resource services to its customers.

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Neil Davidson is a retired City of Portland, Oregon, Sr. Human Resources Analyst. He is a career long member of IPMA and a member of IPMAAC since it’s founding. When he heard about the highly innovative Internet Application System being developed by the State of Washington he suggested that an article be written for Public Personnel Management and provided some volunteer writing services. He has a Master’s Degree in Industrial Psychology.

Notes:

1 Based on Washington State Department of Personnel survey of state agency managers conducted in May 2001.

2 As of this writing, a limited number of job classes are available for use with the Inet App process which was launched in October 2001. More classes are being added each month as discussed later in this article under “Present Status and Next Steps.” To directly access the Inet App for preview purposes, go to http://hr.dop.wa.gov/statejobs/inetapp.htm.


4 Crucial to the success of this project were skills, talent, and hard work of the Inet Application Project Team. The team consists of a small central group of Department of Personnel developers and a host of others assisting. Chief among these are: Warren Kelly- the information technology project manager; Rob Yarbrough – the database architect and programming specialist; Jacqui Shrier – responsible for testing the program’s functionality; and special recognition to David Amyakar of Amyakar Consulting for his significant contribution to the project’s success by covering all aspects from architecture to programming.

Many thanks to other Department of Personnel staff without whose efforts this project would not have been possible. In particular, Ginny Dale, the Recruiter who let us experiment with her job classes and who provided us with tremendous feedback and encouragement.

Last, but certainly not least, are the Directors and managers of the Department of Personnel who supported this project: Dennis Karras, Gene Matt, Dorothy Gerard and Doug Tanabe. Without them, this project could not have happened.
Can Technology Ease the Pain of Salary Surveys?

Nona Tobin

This article discusses the value that can be added to public sector salary surveys through the use of the Internet. Several public sector coalitions (the San Francisco Bay Area Employee Relations Service; Chicago suburban area MetroNet; Orange County Division of the League of California Cities; League of Minnesota Cities; and Association of Metropolitan Municipalities) have applied technology to improve sharing compensation data. Also highlighted are commercial ventures that generate salary information on the web. In particular, the article covers the challenges faced by two ventures (www.ClassAndComp.com and GovernmentJobs.com) that are attempting to launch compensation analysis products for the public sector market. The conclusion of this research is that the full potential of the Internet technology for sharing public sector compensation information will only be realized if there is significant cooperation between jurisdictions within a recruitment area.

The Value of Sharing Compensation Data

In order to stay competitive, city, county, and state government Human Resources Departments need to have quick, convenient access to accurate compensation-related data. For instance, classification and compensation analysts utilize market data to set pay at a competitive level that will attract and retain a workforce with the requisite skills.

Labor contract negotiators need information about the salaries and benefits paid in their market so that they can better shape an offer that is fair both to employees and taxpayers. Fast, accurate, easily utilized compensation data is particularly important in labor negotiations in jurisdictions that provide for arbitration proceedings if there is an impasse.

Jurisdictions need to collect salaries for comparable jobs. This requires a job evaluation and matching process to define the comparability of the level and type of work. Benchmark job descriptions and the placement in the organization must be utilized, more than basing the match on just the job titles.

Benefits information is also necessary to compare total compensation paid by agencies in the recruitment area and to analyze qualitatively different non-salary compensation.
To be valuable, the database of survey results must:

- Include jobs that are comparable in terms of level and type of work
- Include agencies that are in the agency’s labor market or comparison group
- Be credible to union representatives, executive management, elected officials, and employees
- Be accurate and current
- Be easily accessible 24/7 from anywhere; free from down time
- Be flexible so that it can be further analyzed, e.g., “what if” scenarios, changing the sample of jurisdictions, etc.
- Be perceived as at a reasonable cost
- Have ease of data entry and maintenance
- Be user friendly –not require extensive training
- Be reliable and secure from sabotage

How have agencies historically generated compensation information?

- **Mail or telephone annual paper surveys.** This requires that an agency take the lead, assign staff or hire consultants, develop a form that meets their needs, develop expert contacts in agencies in their sample, and invest in extensive follow-up calls to collect the data. They have to manually put the information into arrays, and then mail copies of the results to the participating jurisdictions as a reward for their contribution. The resulting report may have little value to the other agencies since it may not be the sample of agencies or jobs that interests them. They may have merely participated because they expect to need cooperation themselves in the future.

- **Hire consultants.** Consultants may have a database of information that they have developed for other clients. They may subscribe to a number of published salary survey services. They may be more expensive per hour, but may be more credible to the unions and employees than staff work of internal HR staff.

- **Published surveys.** Many private firms and governmental agencies develop salary information by occupational group. These frequently are compiled in a way that is proprietary, so that the user will not be in a position to be able to explain the specific content or methodology. They also may involve much broader geographic areas and consolidate too many levels of work to meet the public sector needs.
Ad Hoc phone surveys. These are done in emergency cases during negotiations or routinely when setting up new job classifications. They are time consuming and have one-time value.

Public Sector Coalitions. Many salary survey coalitions have developed over the past few decades in geographic areas where the jurisdictions have a natural recruitment area. Some are affiliated with a professional association, like the league of cities or they may be a group that came together to reduce duplication of effort and to improve the quality and utility of their results. It could be a Joint Powers Agreement that created a formal structure to perform this specialized function for paying member agencies.

What are some of the expanded options available with the advent of technological advances?

Electronic spreadsheets. This improves the ease of computation and creates a template for reporting. It can ease data entry if the agency inputs updates directly rather than having a clerk key the information in from hand-corrected pages.

Automated databases. Most coalitions that had successful annual paper and pencil surveys utilize database software, such as Access or Filemaker Pro as the initial upgrade from spreadsheets. This improves data entry through the use of electronic forms, increases the flexibility of reporting customized fields, and increases the volume of information that can be managed.

Posting job information on the agency website. Providing full Internet access to pay plans, job descriptions, and labor agreements reduces the amount of time the agency has to invest in responding to ad hoc inquiries from other jurisdictions. They can just give the URL (website address) and tell the researcher to look there for what they need. It saves costs associated with postage and copying as well as staff time. Agencies commonly post the information on their website using PDF format. While this format is adequate for researchers who want to view or download the information, it does not allow for automated data transfer using XTML (Extensible markup language) or search engine technology.1

Create websites from successful annual surveys. Specialized websites require technical web developers converting the information from spreadsheets and PC-type databases into web language. This is not the same as a 10-year-old creating a web page on Yahoo! It is a sophisticated technical process that several coalitions have reported cost $70,000 - $100,000 to program and test before it was functional – and this is assuming that you have a clear definition of what information you want the user to be able to access and how you want the reports to look.2
This does not include the cost of ongoing maintenance of the website or the cost of collecting and updating the salary and benefit information. Several examples of this will be discussed in the article: Bay Area ERS, Chicago Area MetroNet, the Minnesota League of Cities website, and the Orange County League site.

- **Generic salary websites.** One example is www.salary.com
- **Commercial websites tailored to the public sector.** The examples are the www.salarystudy.com product developed by GovernmentJobs.com and the www.ClassAndComp.com website that has been launched by L. B. Hayhurst and Associates, Inc.

## The Experience of Public Sector Coalitions

### Bay Area Employee Relations Service (www.BayAreaERS.org)

The San Francisco Bay Area Employee Relations Service (ERS) began under a joint powers agreement in July of 1974 with offices at the County of Santa Clara, San Jose California. It was created to serve the common interests of the members to have information readily available for salary negotiations.³

The staff of five is funded by fees from member agencies and through the performance of special compensation surveys and classification studies for both member and non-member agencies. Dues are generally based on the size of the agency, and there are currently with 37 member agencies. Historically, the ERS published an annual salary survey of member agencies utilizing a number of benchmarks, an executive survey, and a benefits survey. Classification experts conducted studies to uniformly define which classifications were truly comparable in each jurisdiction. Beyond access to the annual surveys, members could request special studies for other benchmarks as needed for labor contract negotiations.⁴

Initially, a primary benefit of this service to members was professional evaluation/matching of the jobs. Full funding ensured quality and consistency of application over time. Disadvantages were limitations on the speed and ease of access to custom reports or to compensation data from some non-member agencies. (ERS did, and still does, maintain a library of data including 15 non-member agencies that are also on the web site). One large agency member, the City of San Jose, for example, required sampling outside the membership in order to get data from other cities of comparable size.

The move to a web-based technology was incremental and primarily an extension of services already delivered. Development of the website was based on a transition from paper surveys to an Access database on PCs to a web-based
solution utilizing Microsoft SQL Server and Cold Fusion web development software.

**Through a passworded website members access:**

- Settlement and benefits information (in 25 categories) for over 240 bargaining units
- More than 150 labor agreements and pay plans
- Classification research including total compensation arrays that link salaries and benefits for over 2,700 classifications.
- These arrays are currently distributed across 43 occupational categories and executive classifications, 128 comparison codes and 50 agencies. ERS is presently adding an additional five occupational categories.

**Several ways technology brings value to their members:**

- Compensation data is downloaded into spreadsheet format allowing for customization and ease of creating “what if” scenarios
- Information is available 24/7
- Maintenance of the web by the JPA staff ensures currency and accuracy of data
- JPA staff members don’t need to do custom spreadsheet work so they can invest their time on job comparisons and higher leverage activities, e.g., system improvements that create a general benefit for the JPA.

Although it is considered by some to be expensive, the ERS website provides professional job evaluation, is fully functioning and comprehensive. The fee structures undergo periodic evaluation and could change favorably with increased membership. Access is restricted by password to member agencies that fund the services. Some members are limited by the fact that agencies they need to include in their arrays are not on the web site so custom surveying and analyses are sometimes required. ERS also offers a demonstration website accessible from its main site (http://www.bayareaers.org) where mock data is presented so that prospective members can become familiar with operations. Non-members can be permitted temporary access to the main site under some circumstances.

**California Public Agencies Compensation Survey (www.calpacs.org)**

In Southern California, the League of Orange County Cities created a Salary Survey Committee in 1997 who was charged with the task of automating the salary and benefit survey the League of California Cities had been doing manually for nearly 20 years. The salary information had been manually updated semi-annually and benefit information annually for all labor groups

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in 38 public agencies. The committee’s first action was to transition to a PC-based system that allows individual agencies to update data through e-mail and spreadsheets. This not only improved the speed, it reduced errors that are introduced by re-entering data. The report moved to a CD-ROM format.

The system’s development significantly benefited from the utilization of staff and technical resources of a host city, Garden Grove, to oversee the data collection. The accuracy of the information is entirely dependent on the discipline and attentiveness of the participating agencies.

No centralized job matching services are funded as part of the model, but there is a benchmarking guide for 79 classifications that was updated in 2001 to assist participating agencies in doing their own job comparisons.

The League committee continued to upgrade their product through improved technology, moving to the development of a passworded website in 1999 and expanded to include fringe benefit information in 2001. Using the Internet created an incremental improvement in terms of speed and currency of data, but had some technical complexities that limited its user friendliness. For example, members were expected to update their web pages within 30 days of adopting a new labor agreement or other benefit change in order to have continuously accurate information – not just annual or semi-annual updates. However, without dedicated staffing or funding for advancing the technology needed for a very easy updating methodology, this group has struggled to persuade other agencies to consistently update their data as changes occur.

The system has hung together over the years by the persistence and dedication of a few primary users. They have the advantage of a long history of working together to create agreement over the data definitions and survey protocol, but as under-funded early adopters, they have not previously had the benefit of the robust technology they have now installed.

The coalition has made major improvements to the website in November 2001 and describe on their site how some previous problems have been solved:

The CALPACS web site now uses web native software. Plug-in installation and firewall adjustments are no longer needed. Also, any web browser on any platform including all versions of Windows, Macintosh, Web-TV, and Linux should now be able to use CALPACS.

The coalition is currently engaging other coalitions in neighboring geographic areas in discussions to expand jointly. “The Inland Empire Division group of 27 public agencies and the south Bay coalition of 15 cities have already joined the site as separate regions. The remainder of interested public agencies in Los Angeles County will be added as two new regions in the winter of 2002. Members are now interested in seeking the participation of public agencies in San Diego County,” according to Steve Larson, HR Director of Garden Grove, who has shepherded the system’s growth. Larson is enthusiastic about
the benefits joining groups will receive. “They will have to invest much less staff time in responding to ad hoc surveys and inquiries. We expect that we can include groups of jurisdictions for a $100 annual fee that will be set aside for maintenance and upgrades. The cost is $6,000 per regional group to join.”  

The Employee Relations Department of the League of California Cities has a listserv that is frequently utilized for ad hoc salary inquiries. This method uses only helps the individual researcher and is time-consuming for respondents. Incorporating all of California cities and counties into the www.calpacs.org database could greatly leverage resources required to collect salary data. Further, if the coalition expanded statewide, the accuracy and time-line of the data could be ensured more readily if populating the database could be done utilizing ROBOTs as described later in this article rather than relying on the reliability of 500+ jurisdictions. 

Increasing cooperation on salary surveys is particularly important for the public sector in California. Last year the State legislature adopted legislation (SB 402) that provides for arbitration to settle labor contract disputes for police and fire employees in all cities, counties, and special districts. Heretofore, the author is aware that only approximately 20 cities had Charter provisions that required interest arbitration as the final resolution of public safety labor disputes. Although the constitutionality of SB 402 is currently being litigated by the League of California Cities, the need for compensation data that is current, accurate, credible to labor, and can be obtained quickly and cost-effectively is expected to expand exponentially.

**www. MetroNet.org**

An early successful venture in the Chicago area demonstrates how public sector coalitions for sharing salary data on the Internet can thrive. A lot depends on the vision and persistence of a few individuals, such as Downer Grove, IL HR Director, Greg Zimmerman, but good luck doesn’t hurt. Here’s how *HR Magazine* describes MetroNet’s start up when it published their national award for innovation in July 2001:

In 1993, just as the Internet was beginning to catch on, Zimmerman attended a conference for HR Directors who worked for local governments in suburban Chicago. Someone suggested that the Internet might provide an excellent way for small communities to share information on salary data and HR practices.

Zimmerman was intrigued with the idea and asked for help from the Downers Grove Information Technology Director, who quickly got a worldwide web page up and running.

But Zimmerman knew some seed money was needed to get the project off the ground, so he sent a letter to 16 local governments in DuPage County proposing that
each community proposing that each community contribute $1,000 to fund the web site and begin sharing data. Seven communities responded and MetroNet was born.11

What the article doesn’t mention is the significant in-kind contribution they received for the programming by virtue of the rapidly shifting fortunes of a local consulting firm. A partnership had been developed with a technology company that expected to be paid through future profits. Through changes in ownership, bankruptcies, and staff mobility, the public coalition benefited from in-kind contributions to their development.12

For the 60 participating agencies, this has proven to be a significant improvement in cost and availability. The $300 annual membership fee for 24/7 access to downloaded information on 71 benchmarks is less than the half the cost of the previously printed salary survey report. The site is passworded for members, and each agency has security access to change salary information from their agency online.13

League of Minnesota Cities (www.lmnc.org)

The League of Minnesota Cities (LMC) has done an annual salary and benefit survey as a membership benefit for over 50 years. As a heavily unionized state, compensation data has been collected and reported in a manner that supports their collective bargaining process. The LMC contracted with a local technology consultant to develop a web-based version of their product (www.lmnc.org). Development costs were estimated to exceed $70,000 and were in the range of web development costs of others interviewed for this article.

Ongoing costs to support the website are funded by regular league member dues, and member agencies gain access using a password. The password is primarily for security of the data rather than to keep the information confidential from employee representatives. Unions are able to purchase access to the website for the nominal fee of $100. According to League staff member Laura Kushner, there is broad acceptance of the reliability and value of the data. “Having both labor and management accept the same data has been very beneficial.”14

Their goal is to get away from having to generate paper copies of the salary information due to the cost of handling. They continue to have League staff committed to data collection and maintenance of the website.

An LMC affiliate, the Association of Metropolitan Municipalities (AMM), has utilized a similar model to transfer their long-standing salary survey to the Internet. The AMM has a diversified coalition of public agencies participating, including counties, cities, special districts and the university within the seven county Twin Cities area. For approximately $50,000, DC Stanton Group has been producing an annual salary and benefits survey and has now hosts the
product on their corporate website. An advisory group annually checks the methodology and ensures that user needs are addressed.\textsuperscript{15}

The information on the site is only updated annually based on the results of the survey. The group is moving toward online data entry, but at this point data is collected on forms. No additional fees have been assessed to members for the implementation of Internet access.

**Commercial Ventures**

There are numerous websites that provide salary information on the Internet. These may be too generic to serve many of the public sector’s needs.

An example is www.salary.com that has developed the Salary Wizard, CompAnalyst, and Survey Finder products. Here are how the products are described on their websites:

**Salary Wizard™** - a comprehensive salary tool, available for syndication, enabling users to research salary ranges for thousands of job titles in a comprehensive set of career fields, sorted by occupation and region.

**CompAnalyst** - a fully populated, easy-to-use, online software database of more than 700 of the most frequently matched jobs. The service returns a market price for each listed job title across all industries, sizes, and geographic locations covered within the product.

**Survey Finder** - a database of hundreds of compensation surveys offered from more than 50 independent vendors, enabling HR professionals to search for applicable studies for purchase or participation. This product is available for syndication.\textsuperscript{16}

**www.ClassAndComp.com**

L. B. Hayhurst & Associates, a California classification consulting firm, initiated the website, www.ClassAndComp.com, as a response to the needs expressed by many of their customers. Their goal was to ease the compensation data collection and analysis for agencies, many of which may not have the HR resources to do manual surveys. These agencies also might not be able to post their agency information on the Internet due to a lack of web savvy staff.

The Hayhurst business model is to allow free access to the database and the compensation analyzer tools to any user, but to charge a fee to agencies that post their information. The agencies that post their information can also have a direct link from the agency’s website to the agency’s online data. This link is transparent to the website users. Their site includes frequently asked questions, and the Hayhursts respond to concerns about the pay structure in this manner:
How can ClassAndComp.com make my life easier?

- By signing up as a member, your agency’s job descriptions, salary schedules, benefit information and MOUs are on-line. By having your classification and compensation information on-line you don’t have to respond to compensation surveys and requests for information any longer.

- By accessing information at ClassAndComp.com you can quickly, easily and accurately complete professional salary surveys on-line. There is a built-in spreadsheet, which can be filled in automatically with member agencies’ salary data. There is also an “add custom entries” field where you can place data from non-member agencies. The spreadsheet automatically calculates mean, median and percent your agency’s salary is over or under.

Why would I want to sign up with ClassAndComp.com?

- We will save you time because you will not have to respond to any more salary survey requests, or requests for copies of job descriptions, benefit or MOU information. All of your job descriptions, salaries, benefit data and MOUs will be available on-line for others to use.

- We will save you money (and you will improve your customer service) because staff time and agency resources could be redirected to more productive assignments.

- We make it convenient because we input your information into the system, we update your information, and we satisfy requests from others for your information. 17

The challenge in marketing their product results from agencies’ objections to paying for membership when the database is still small. According to Carolyn Hayhurst, there is a “chicken and egg” problem with creating an adequate database to attract new members. She says that “agencies want to have data available to them, but don’t want to pay hard dollars to provide the data, because it seems they do not fully recognize that they pay anyway in soft dollars, by staff time and agency resources in responding to numerous salary surveys.”18

As is also the case with GovernmentJobs.com, (described below), it is very difficult for small private firms to develop an effective pricing structure and marketing strategy for internet applications designed to serve the public sector market.

GovernmentJobs.com

GovernmentJobs.com developed a public sector web product called www.salarystudy.com that was geared to a market of larger cities and counties than the Hayhurst product. Their design has these features:
Identified the characteristics of 1600 benchmarks.

- Electronically imports member agencies’ pay plans, job descriptions, and benefits data.
- Allows members to do compensation analysis online including customizing the sample of agencies or classes.
- Utilizes their most significant technological development, deploys “search engine” type software, or a ROBOT, that searches websites of non-member agencies to automatically collect information needed by member agencies.19

    Like the other websites—members log in and get the information they need. Analysis and reports are generated simply, quickly, and flexibly:
    1. Choose a class
    2. Select the agencies
    3. Click analyze

    The comparative array of salaries and benefits would show up in seconds or minutes, including mean, median, mode, percent difference from mean, etc. Any HR analyst who has had to do this manually can tell you that it can be untold hours of tedious calling, checking, reworking, and calculating.

    However, several critical elements are missing, which have resulted in a stalled implementation: 1) a sufficient paid members to support development costs and 2) a sufficient number of non-member agency data within the database.

    In order to be economically viable, a critical mass of agencies would need to begin participating simultaneously. Additionally, the group would need to form a natural job market. Without a partnership with a public sector coalition such as those described in this article, the marketing costs would be significant and the investment very risky.

    The second major challenge is how to get information from nonmembers, without the expense of surveying or manual data entry, to make the database sufficient to persuade agencies to sign on. The technological feature they developed to address this shows considerable promise. It is a search engine, also called a ROBOT, that would run nightly and search the websites of all the government agency members wanted to survey and update compensation information. The value of the technology is still limited because the search engine can only retrieve data from agency websites that have a) posted it on the web and b) utilized HTML (hypertext mark-up language) rather than PDF files. Nevertheless, it is a big step toward getting complete, up-to-date information from all agencies, not just those that pay membership fees, and therefore, providing members with affordable and comprehensive data.

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Conclusion

Given that one of the largest expenses of keeping salary survey data current and accurate is the cost of data collection and input, the technological solution to automatically compile it from agency websites pioneered by GovernmentJobs.com is a significant advance and potential benefit. A partnership with a professional association, such as IPMA, one of the PELRAs (Public Employer Labor Relations Associations) or a league of counties or cities, is probably necessary to fund full development of ROBOT technologies.

Public sector coalitions that utilize the Internet to facilitate sharing compensation data greatly benefit from both the technology and the cooperative arrangements. Those that have succeeded have developed models that could be emulated elsewhere. Since the cost of not having accurate and easily accessible compensation data can be very costly for any employer, it would be in most public jurisdictions’ self-interest to support joining a public sector coalition and utilizing the Internet for this purpose.

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Notes

1 Interview and product demonstration with Ward Komers, San Jose, California, November 27, 2001.
3 Interview with Jack Obenhuber, Director of Employee Relations Service, City of San Jose, California, November 27, 2001.
4 Ibid.
5 Ibid.
6 Ibid.
7 Interview with Dick Allen and brochure of the Employee Relations Service, City of San Jose, California, November 27, 2001.
10 Phone interview with Steve Larson, Garden Grove, California, December 7, 2001.
13 Ibid.
14 Phone interview with Laura Kushner, Minneapolis, Minnesota, December 4, 2001.
15 Phone interview with Gene Reneri, Minneapolis, Minnesota, December 4, 2001.
18 Phone interview and email with Carolyn Hayhurst, Novato, California, December 5, 2001.
19 Interview and product demonstration with Ward Komers, San Jose, California, November 27, 2001.
IPMA’s comprehensive certification program for public sector human resources professionals is designed to enhance your knowledge, develop your skills, and provide you with the professional edge to advance your career. The IPMA Certified Professional (IPMA-CP) Certification Program has an exclusive public sector focus because we know that you face situations and challenges not present in a private sector setting.

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But They Said Their Payroll Program Complied With the FLSA...?

Brian P. Walter, Esq.

This article examines FLSA compliance problems faced by public employers in selecting a computer payroll system. The article provides an overview of the FLSA and how it has come to be applied to the public sector. The common FLSA deficiencies of payroll programs for public sector employers are discussed with an explanation of the law. The article offers guidance to public employers on steps to ensure that their payroll system is designed and implemented in compliance with the FLSA.

I. Introduction

Public employers who select or upgrade a payroll system often overlook the critical element of Fair Labor Standards Act (“FLSA”) compliance, resulting in either costly change orders or, even worse, an FLSA lawsuit. Software companies claim that their payroll software is fully FLSA compliant. However, upon closer inspection, their definition of compliance is usually based upon the traditional private sector requirements. Unfortunately, total FLSA compliance is far more complicated in the public sector and, even in the private sector, often requires a degree of flexibility that is not present in commercial off-the-shelf programs. Thus, public employers must be particularly cognizant of their unique FLSA issues when selecting and implementing a payroll system. A failure to recognize issues unique to the public sector can lead to a payroll system that ensures the agency cannot fully comply with the FLSA.

This article is divided into three parts. The first section will provide an overview of the FLSA and how it has come to be applied to the public sector. The second section will discuss common limitations of computer payroll systems that affect an agency’s ability to comply with the FLSA. The third section will offer guidance to public employers to ensure that their payroll system is FLSA-compliant.
A. A Brief History of the FLSA

The FLSA was enacted by Congress in 1938 in the midst of the Great Depression. The purpose of the FLSA was to protect workers from substandard wages and oppressive working hours and conditions that were detrimental to the “health, efficiency, and general well-being of workers.” The FLSA was “designed to give specific minimum protection to individual workers and to ensure that each employee covered by the Act would receive [a] fair day’s pay for a fair day’s work and would be protected from the evil of ‘overwork’ as well as ‘underpay.’” The Act was primarily aimed at protecting vulnerable workers – children and low paid sweatshop employees. The Act did not apply to public agencies and the FLSA regulations initially issued by the United States Department of Labor (“DOL”) did not contemplate the Act being applied to public agencies.

1. The Unholy Marriage of the FLSA to the Public Sector.

In 1966, the first in a series of amendments to the FLSA was enacted in an attempt to apply the FLSA to public employers. However, the FLSA did not become fully applicable to public agencies until 1985. When the Supreme Court held that the FLSA applies to public agencies in March of that year, many public agencies were ill-prepared for the transition to an FLSA environment that was suddenly thrust upon them. Employees, however, were prepared to sue their employers for violating the FLSA. The Garcia decision triggered a flood of FLSA litigation against public agencies.

FLSA litigation has again increased in the last few years, as employees and their attorneys become captivated by the promise of multi-million dollar verdicts and settlements. A court recently found Farmers Insurance Exchange liable for misclassifying insurance adjusters as exempt under state wage law, resulting in a 90 million dollar verdict. News of this verdict was predicted to trigger another flood of overtime lawsuits in California. Thus, the risk to public employers of an overtime lawsuit has never been greater.

The DOL has issued hundreds of regulations, interpretative bulletins and opinion letters that specify how employers should comply with the FLSA. Most of the DOL regulations were adopted prior to 1985 when the FLSA did not apply to the public sector. The application of private sector wage and hour principles to the public sector is often awkward and difficult. Provisions that seem so simple and straightforward for factory workers become hopelessly complicated and illogical when applied to police officers. The many different types of unique services provided by public agencies are not adequately, if at all, addressed by the DOL.

2. Why Plaintiffs’ Attorneys Love the FLSA.

The recent increase in FLSA litigation can be traced in part to increased awareness by plaintiffs’ attorneys of the lucrative nature of FLSA lawsuits. Attorneys have recently awakened to the FLSA for two reasons — multi-million
dollar verdicts and attorney’s fees. Multi-million dollar verdicts are common in FLSA cases because an FLSA violation generally applies to large segments of employees in an agency. Attorney’s fees are mandatory if an FLSA violation is proved. While an attorney would not normally prosecute an overtime lawsuit for one employee where only five thousand dollars in damages is available, the attorney would bring the same lawsuit on behalf of 200 employees, where the potential exists for one million dollars in damages and hundreds of thousands of dollars in attorney’s fees.

As previously noted, it is more difficult for public sector employers to comply with the panoply of regulations that do not apply neatly to public agencies. Thus, the chances for a successful verdict or settlement are greater, creating even further incentive for attorneys and employees to sue public agencies.


Many public employers initially implemented computer payroll systems prior to 1985, when the FLSA did not apply to public agencies. These systems were typically cumbersome mainframe computer systems that lacked flexibility. Once the FLSA became applicable to public agencies in 1985, the existing computer payroll systems were unable to handle issues such as tracking overtime for safety personnel whose overtime is calculated based upon 27 or 28 day work periods instead of 7 day workweeks.

In the past few years, many agencies have upgraded or replaced their payroll systems to address Y2K concerns or to integrate human resources systems with payroll systems. The trend to integrate human resources and payroll data into one linked computer system has added an element of complexity to payroll systems that further affects an agency’s ability to comply with the FLSA. Since the systems are rarely being upgraded for the purpose of improving FLSA compliance, agencies may overlook or underestimate the necessary requirement of FLSA compliance for a payroll system.

C. The Integration of the FLSA into Computer Payroll Systems.

A number of computer software companies, such as PeopleSoft, have created off-the-shelf computer payroll systems that promise to be FLSA compliant. Most of these software packages were initially designed for private sector companies. Private sector companies almost exclusively have standard seven day workweeks for non-exempt employees. They also tend to have fewer bonuses, shift differentials, standby pay, and other types of special pays that predominate in the public sector. Aside from large corporations, they also tend to have fewer bargaining units and collective bargaining agreements than public agencies.

Public agencies provide a wide and diverse range of services to the public, such as safety, utilities, and social services. Whereas a private corpora-
tion may primarily make one type of product, such as computer software, most public agencies provide many different types of services to the public with drastically different job classifications, work environments, work hours, and compensation. All of these factors result in a higher level of complexity for public sector payroll that makes FLSA compliance more difficult.

1. Why Payroll Software Companies Claim That Their Software is FLSA Compliant.

Major payroll software manufacturers often advertise their systems as FLSA compliant. However, their definition of FLSA compliance is typically based upon private sector FLSA compliance, even for those software manufacturers who offer public sector payroll programs. Their definition is also often based on meeting the bare minimum requirements of the FLSA, without regard to various options that might be attractive or even necessary for public employers. For example, a vendor could claim that a system that pays overtime based upon a seven day workweek is FLSA compliant, although that system cannot accurately process overtime for employees on alternative workweek schedules. Thus, when public agencies are evaluating proposals for payroll systems, they are informed that the off-the-shelf software programs are FLSA compliant, when they really are not fully compliant for public sector purposes.

Liability for FLSA violations has been imposed on public agencies by courts that rejected an employer’s argument that its payroll system could not perform the tasks required under the FLSA.8 Public agencies that do not independently investigate and ensure the FLSA compliance of their payroll system put their agency at risk of liability if their agency is one of the many targeted by employees for overtime lawsuits.

II. Common FLSA Concerns With Payroll Software Programs

The issues identified in this section are common limitations inherent in standard computer payroll systems. Since there are so many versions and releases of various payroll programs, this section identifies the common limitations rather than specific issues with specific programs. As will be discussed further in the next section, these are issues that employers should consider when designing and purchasing payroll systems.
A. 9/80 Work Schedules.

1. Employers Must Designate FLSA Workweeks For All Employees.

   The 9/80 alternative workweek schedule has become popular with public employees. Employees on a 9/80 work nine days instead of ten in a two week period, with eight nine hour days and one eight hour day. Employers must designate a 7 day, 168 consecutive hour FLSA workweek for all employees. The FLSA workweek, not the calendar week or the pay period, is the sole standard by which FLSA overtime is measured for non-exempt employees. Proper payment of FLSA overtime to employees who work a 9/80 schedule depends upon a careful designation of their FLSA workweek. If the workweek is not precisely designated for employees on a 9/80 work schedule, the employer will incur automatic FLSA overtime every other week, usually in the amount of 4 hours per week.

   Some employers mistakenly believe that because they pay employees for only 36 hours in one workweek, they can pay employees for 44 hours in the other workweek without any FLSA overtime liability. However, the Department of Labor specifies that each workweek stands alone, independent of all other workweeks for FLSA overtime purposes. Thus, an underpayment of 4 hours in one workweek does not offset an overpayment of 4 hours in a subsequent workweek.

   The designated workweek for a 9/80 employee will not correspond to a calendar week. If the employee typically has every other Friday off, the work week must be designated to start and stop four hours into the employee’s Friday work shift. This means that if the employee’s work shift normally starts at 8 a.m., overtime is calculated from noon on Friday until noon on the following Friday for FLSA purposes.

2. The Payroll System Must Be Able to Split Hours Worked in a Day Into Two Separate Workweeks.

   Since the FLSA designated workweek for an employee on a 9/80 schedule will stop and start in the middle of a workday, the employee will work hours in two different FLSA workweeks on the same day. Therefore, the payroll system will need to be able to split the hours worked on that day into two different FLSA workweeks and calculate overtime based on those FLSA workweeks. For example, if an employee on a 9/80 normally starts her shift on the split day at 8 a.m., but comes in one hour early, she will incur 1 hour of FLSA overtime in that FLSA workweek unless she takes one hour off before noon on that day. Similarly, if she comes in one hour later than normal on her split day, she will incur one hour of overtime in the FLSA workweek that starts at noon. If the payroll system cannot account for hours on the same day in different workweeks, the employer will have great difficulty paying the employee correctly under the FLSA.
Many payroll software programs cannot accommodate this splitting of the work day to track four of the hours in one FLSA work week and four (or five) of the hours in another FLSA workweek. Additionally, the payroll system will probably need to be able to track FLSA workweeks over multiple pay periods, as pay periods typically do not stop and start in the middle of a workday. An exception-based payroll system is especially problematic as it does not account for changes in the start or stop times of the workday or changes in the employee’s day off, all of which could lead to increased FLSA overtime liability. Finally, public employees may be paid daily or weekly overtime under a collective bargaining agreement. In those situations, the payroll system will need to be able to calculate overtime based on the requirements of the collective bargaining agreement and on the separate FLSA requirements.

B. The Regular Rate of Pay.

The FLSA requires that overtime compensation be paid at one and one-half times the employee’s regular rate of pay.\(^\text{12}\) Although the term “regular rate” is often associated with an employee’s base salary or pay, the FLSA has its own definition of the term. The FLSA requires that the regular rate of pay include “all remuneration for employment paid to, or on behalf of, the employee,” except those payments that are specifically excluded. The regular rate is generally calculated by dividing the compensation that goes into the regular rate in the work period by the hours worked in the work period that the compensation was intended to compensate.\(^\text{13}\) Special pay provided to the employee, such as a shift differential or bilingual pay, will result in an FLSA regular rate of pay that is higher than the employee’s base hourly rate.

Calculation of the regular rate of pay under the FLSA is probably the most complicated FLSA topic for public employers for two reasons. First, public sector employees typically have specialty pay and on-call pay that must be included in the regular rate of pay. Second, safety employees have a different method of calculating overtime. Both of these factors require additional flexibility in software payroll systems.

1. Bonuses and Special Pays.

Payments for shift differentials, hazardous duty pay, bilingual pay, special assignment pay, and educational incentive pay are examples of specialty pay types that must be included in the regular rate of pay. Standby or on-call pay is common in public agencies, particularly among police officers who get called to testify in court and public works employees who need to be available for repairs at any hour of the day. Payments made to employees for being on unrestricted standby or on call time must be included in the employees’ regular rate of pay.\(^\text{14}\) Correct computation of the regular rate of pay requires that the on-call amount be included with the compensation for normally scheduled hours for that workweek to determine the regular rate of pay.

Standby pay is often paid as a flat daily or weekly amount of pay, or as
an hourly rate that is much lower than the employee’s normal hourly rate. Some payroll systems cannot include flat amounts for on-call or standby pay in their calculation of the regular rate of pay. Payroll programs may also not be able to process standby amounts paid on an hourly basis, where the employee is not actually working for FLSA purposes during those hours. Additionally, special pay may be paid on a bi-weekly or monthly basis that does not correspond to the employee’s FLSA workweek. In those cases, the payroll program must convert the amount into a weekly amount for the workweeks that the special pay is intended to cover. If an employee receives an annual bonus, the payroll system will need to be able to recalculate the employee’s regular rate of pay for each workweek in the preceding year to account for the bonus amount, and pay any extra FLSA overtime amounts owed as a result.

2. Blended Rate for Multiple Positions.

The FLSA provides that employees who work at two or more rates of pay can only be paid in one of two ways. The first method is through a blended rate, in which the hours worked at each of the rates are combined to determine a weighted average rate of pay. The employee is then paid overtime at time and one half that weighted average for all overtime hours worked. The second method of paying overtime under the FLSA is to pay the employee time and one half of the applicable rate for each hour worked over 40. This method requires a chronological analysis of the hours worked. On each hour worked chronologically in a work week, overtime must be paid at whatever rate is applicable to that hour.

The payroll system should ideally be able to calculate FLSA overtime based on both of these methods, but must be able to at least perform a blended rate calculation. Some payroll systems do not allow an employer to assign a different hourly rate to different hours in the same workday or same workweek. Some payroll systems also do not compensate the employee at a blended rate once the employee has exceeded 40 hours worked. Finally, an employer who does not want to use a blended rate for overtime worked in two different positions must have a payroll system that can identify chronologically when the employee has worked over 40 hours in the workweek and pay FLSA overtime for each hour worked thereafter at the appropriate overtime rate for that position.

C. The Complexity of Overtime Payment For Safety Employees.


One of the only adjustments made to the FLSA specifically for public employers permits sworn firefighters and law enforcement employees to have a work period for overtime purposes of up to 28 days. Overtime is paid based upon a ratio according to the length of the work period – 7.57 hours per day
for firefighters and 6.11 hours per day for law enforcement. Typically agencies adopt a 28 day work period for law enforcement and a 24 or 27 day work period for firefighters, although any length of work period between 7 and 28 days is permitted.

Most public agencies have bi-weekly or 14 day pay periods. Often the work period for safety employees will be longer than 14 days. Computation of FLSA overtime for those safety employees requires that the payroll system calculate the hours worked over multiple pay periods to determine whether any FLSA overtime is owed. Payment becomes more complex when the work period does not neatly overlap with the pay period, such as for a 27 day work period that will always seem to end at a different time in the pay period.

**a. Level Pay Plans For Firefighters.**

Some payroll software programs will pay firefighters based upon the assumption that they work an average of 56 hours per work week that includes 3 hours of FLSA overtime. Firefighters often negotiate level pay plans with their department, so they are paid as if they worked the same number of hours each pay period. However, firefighters do not always work 56 hours per week. In fact, firefighters who work 24 hour shifts will normally not work exactly 56 hours in a week. The assumption that a firefighter works an average of 56 hours per week will result in underpayment of FLSA overtime for some pay periods and overpayment for other periods. The FLSA strictly prohibits the averaging of FLSA overtime over work periods, and the DOL has specifically prohibited this practice regarding firefighters. Therefore, the payroll system must pay firefighters based upon the actual hours worked in the FLSA work period, not an average of the hours worked.

**b. The Regular Rate For Safety Employees.**

The calculation of the regular rate of pay for law enforcement and fire personnel is equally complicated. The regular rate of pay for safety employees is calculated based upon the compensation for the work period, not the work-week. If the employee is paid a weekly or monthly special pay that goes into the regular rate of pay, that payment must be converted into an amount for the length of the work period, such as 27 or 28 days. This process will again potentially require the payroll system to allocate the bonus over multiple pay periods and multiple work periods.

Another difficulty for payroll systems is that firefighters generally have regularly scheduled FLSA overtime. For regular rate calculations, the regularly scheduled hours are included in the regular rate but any premium overtime pay is excluded. Therefore, for safety employees the payroll system must be able to calculate the regular rate based upon an irregular work period and based upon regularly scheduled overtime hours. Finally, the payroll system must actually calculate the regular rate for each FLSA work period.
2. Timely Payment of Overtime.

Police departments often have multiple work sites – large agencies can have dozens of stations. This creates logistical difficulties with tracking overtime from multiple work sites. The FLSA requires that overtime be paid on the same payday as regular wages unless the correct amount of overtime compensation cannot be determined. Courts have interpreted an employer’s ability to determine overtime compensation very narrowly and rejected most attempts by employers to pay overtime later than the regular payday. The payroll system must be designed in a manner that permits quick automated computation of overtime due to safety employees after the end of a work period. The inability of payroll programs to accurately calculate overtime for safety employees has forced some employers to perform manual FLSA overtime calculations. Aside from the additional cost and inefficiency of manual overtime calculations, those employers also may be at risk of a lawsuit for violation of the FLSA’s timely payment provisions.

D. Multiple Bargaining Units.

Many public agencies have several bargaining units — fire, police, general/civilian employees, and management. Larger agencies can have dozens of bargaining units. Employees in each of the bargaining units may be paid based on a totally different method, including different work periods for safety employees or hospital employees. For example, some bargaining units may receive merit-based pay, others may be paid based on a pay for performance matrix. Some of the computer payroll systems cannot accommodate such a variety of bargaining units and a variety of bonuses or pay rates associated with each of the different bargaining units.

E. Compensatory Time Off – The Ability to Distinguish Between FLSA and Non-FLSA CTO

The FLSA allows a public employer to provide its employees with compensatory time off (“CTO”) in lieu of paying cash for FLSA overtime hours worked. Since many public agencies pay overtime far more generously than required by the FLSA, they create a class of overtime known as non-FLSA (or MOU) overtime. This overtime is not required by the FLSA but is nevertheless paid by the public agency pursuant to a collective bargaining agreement or salary resolution. Non-FLSA overtime may also be compensated with non-FLSA CTO that is not subject to any of the FLSA’s requirements regarding accrual, usage and payout of CTO.

1. The Effect of CTO Usage on Employers.

The ability to distinguish FLSA from non-FLSA CTO is particularly important for public employers who have staffing shortages. The FLSA requires that an employee be allowed to use his CTO within a reasonable time period.
unless the use of the CTO by the employee would unduly disrupt the operations of the agency. The “unduly disruptive” standard does not apply to non-FLSA CTO, permitting an employer far greater flexibility in denying the request to use CTO. Since there are far fewer restrictions on non-FLSA CTO, particularly when an employer must permit an employee to use the CTO, employers often have a significant interest in distinguishing non-FLSA CTO hours from FLSA CTO.

Most off-the-shelf computer payroll systems are not capable of distinguishing between FLSA and non-FLSA compensatory time off. Since the FLSA standards regarding compensatory time off (“CTO”) do not apply to non-FLSA CTO, an agency that is unable to distinguish between FLSA CTO and non-FLSA CTO may end up having to treat all CTO as FLSA CTO. This imposes unnecessary restrictions upon the agency. Since a significant portion of public agency CTO is non-FLSA CTO, an inability to distinguish non-FLSA CTO from FLSA CTO hampers the ability of the agency to effectively operate, as more employees will be taking time off on a more frequent basis. It also creates additional overtime liabilities for the agency, as the DOL does not permit an agency to deny a request to use compensatory time off simply because it would have to back fill the position on an overtime basis.

**2. Payment of Accrued CTO.**

The FLSA permits a public employer to cash out an employee’s CTO bank at any time. Accrued CTO must be paid at the employee’s regular rate of pay. The employer is obligated to cash out CTO upon termination of employment at the higher of:

- a. The employee’s regular rate of pay as of termination; or
- b. The average regular rate during the last three (3) years of employment.

A payroll program must be able to pay off the accrued CTO at the appropriate regular rate of pay.

Although a payroll software program that does not distinguish between FLSA and non-FLSA CTO may be technically compliant with the FLSA, it will impose significant limitations upon an employer if it cannot distinguish between the two types of CTO.

**F. Overtime Exempt Employees.**

Many of the multi-million dollar FLSA cases involve employees misclassified as exempt from overtime, either because they do not perform exempt duties or because they are not paid on a salary basis. The salary basis test can be easily violated by improperly disciplining an exempt employee. The FLSA
only permits an employer to suspend an employee for one or more full FLSA workweeks, except for violations of major safety rules.\textsuperscript{31} Employers cannot reduce the pay or impose other types of suspensions on exempt employees. Often in large agencies such discipline can be imposed on lower level exempt employees without the knowledge of upper management. A mechanism in the payroll system that prohibits suspensions of exempt employees other than on a weekly basis will prevent a finding that its exempt employees are really non-exempt.

Frequently in the public sector exempt employees will earn overtime for certain activities even though they are exempt from FLSA overtime requirements. Although the FLSA permits such overtime payments to exempt employees,\textsuperscript{32} some payroll systems will not allow an employer to pay overtime to its exempt employees.

**G. Partial Exemptions For Unionized and Hospital Employees.**

Employers are generally not required to pay daily overtime to employees under the FLSA. However, sections 7(b) and 7(j) of the FLSA provide partial exemptions for certain unionized workers and for hospital employees that permit work periods longer than a workweek, but also require daily overtime. The 7(b) exemption requires overtime for working more than 12 hours in a workday and 56 hours in a workweek.\textsuperscript{33} The workweek for employees subject to a section 7(b) partial exemption is either 26 or 52 weeks, while the workweek for hospital employees is 14 days. Under section 7(b) there is an absolute cap of either 1040 or 2240 hours worked in a six month or one year period. The payroll system must be able to recognize if an employee has exceeded that cap, and if so, to recalculate weekly overtime backwards over the entire six month or one year work period.

The 7(j) exemption requires overtime for working more than 8 hours in a workday or 80 hours in a 14 day period.\textsuperscript{34} This partial exemption is specific to the work location – i.e., the hospital. Thus, some employees in a bargaining unit or department would be subject to the 7(j) exemption while they work at a hospital, and not when they work elsewhere. A payroll system needs to be able to allow the employer to alter overtime payment schemes based upon work assignment for an employer to successfully utilize a 7(j) work period. Payroll software for employers utilizing a 7(b) or 7(j) partial exemption must also be able to pay daily overtime and to pay overtime based upon work periods of more than a workweek.
III. Suggested Solutions For Employers

A. Specify Unique FLSA Requirements in the RFP

Most employers make FLSA compliance a requirement in the proposal stage of a payroll system development. Many employers have discovered while testing a system that was advertised to be FLSA-compliant that it cannot perform critical tasks, such as computation of FLSA overtime for firefighters. Employers should not rely on vague assurances of FLSA compliance from payroll software companies in the proposal stage that may only refer to private sector employment. Public employers should specify the unique requirements for public employers that must be part of any new payroll system. For safety employees, the specifications should include a detailed description of how the fire and police overtime will be calculated based upon the agency’s FLSA work periods for fire and police personnel.

B. Assess FLSA Needs and Compliance During the Design Phase.

As a practical matter, many of the details necessary for FLSA compliance are not fully addressed until the design phase of the payroll system. Once a vendor has been selected, the employer should consult with an expert in the FLSA during the design phase to ensure that the system is FLSA-compliant. The design phase is a critical step in an agency’s FLSA compliance program, as courts have held that an employer cannot set up an inefficient payroll system and then argue that their payroll system cannot perform certain tasks as a defense to an FLSA lawsuit.35 The design phase should include a careful description and analysis of the methods used to calculate the regular rate of pay and FLSA overtime for all non-exempt employees.

Even if an employer is later found to have violated the FLSA, consultation with an expert in the FLSA may enable the employer to avoid double damages. In an FLSA lawsuit, double damages (“liquidated damages”) are mandatory unless an employer can prove that its actions were based upon a reasonable good faith belief that it was in compliance. Consultation with legal counsel has been identified by courts as proof that the employer acted in good faith.36 Thus, consultation with legal counsel will not only ensure that the system actually complies with the FLSA, but also that the employer can potentially avoid double damages if it is later found to be in violation of the FLSA.
C. Verify and Audit the Compliance of the Installed Payroll System.

The methods for calculating the regular rate of pay and FLSA overtime should theoretically be perfected in the design phase of the payroll program implementation. However, employers should periodically test whether their payroll system is accurately paying FLSA overtime by manually calculating FLSA overtime for various work periods, particularly for fire and law enforcement employees. Employers should also periodically ensure that the payroll system is paying overtime in a timely manner – i.e., at the same time as regular wages for that work period. Finally, employers should assign one or more employees to track changes in the law that might affect the agency’s FLSA compliance.

IV. Conclusion

Payroll software, like the FLSA, was not specifically designed for public employers. Regardless of the claims of payroll software companies, the unique requirements of public sector employment demand that employers independently verify that their payroll software complies with FLSA requirements. While this process may be time consuming and costly, an employer can avoid significant liability for FLSA lawsuits by insuring the FLSA compliance of its payroll system. Compliance is achieved through the design of and ongoing audits of the payroll system. Attention to FLSA details through those methods will lead to a payroll system that is FLSA-compliant.

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Notes

1 Although state government and arms of the state are subject to the FLSA, they possess immunity from lawsuits by private individuals under the Eleventh Amendment, unless they have waived that immunity. (Alden v. Maine, 537 U.S. 706, 756 (1999).) States are still subject to lawsuits by the U.S. Department of Labor.


3 Id. (quoting President Roosevelt from the Congressional Record and Overnight Motor Transportation Co. v. Missel, 316 U.S. 572, 578 (1942)).

4 Pub.L. 89-601, § 102(b).


9 29 C.F.R. § 778.103; 29 C.F.R. § 516.2(a)(5) (non-exempt); 29 C.F.R. § 516.3 (exempt).

10 29 C.F.R. § 778.103.

11 29 C.F.R. § 778.104.

12 29 U.S.C. § 207(e).


14 29 C.F.R. § 778.223.

15 29 C.F.R. § 778.113(b).

16 29 C.F.R. § 778.115.

17 29 C.F.R. § 778.419.

18 29 U.S.C. § 207(k).

19 29 C.F.R. § 553.230(c).

20 29 C.F.R. § 778.104; See DOL Administrative Letter Rulings, October 17, 1995 and February 12, 1998. In those rulings, the DOL permitted level pay plans if the fire department prepaid a sufficient amount of FLSA overtime to make sure the firefighter never has a payday where FLSA overtime is owed, kept a running total of the FLSA overtime balance, and required the firefighter to repay the prepayment amount upon termination of employment.

21 29 C.F.R. § 553.233.

22 29 C.F.R. § 778.202(a).

23 29 C.F.R. § 778.106.

24 See Biggs v. Wilson, 1 F.3d 1537 (9th Cir. 1993); Dominici, supra, 881 F.Supp. 315; Brooks v. Village of Ridgefield Park, 185 F.3d 130 (3rd Cir. 1999).


26 29 C.F.R. § 553.28.


28 29 C.F.R. § 553.27(a).

29 29 C.F.R. § 553.27(a).


31 Block v. City of Los Angeles, 253 F.3d 410, 418 (9th Cir. 2001).

32 29 C.F.R. § 541.118(b).
The 7(b) partial exemption requires a negotiated agreement with a labor organization certified as bona
fide by the NLRB (it will certify public entity organizations for this purpose), overtime for working
more than 12 hours in a day or 56 hours in any workweek. For a 26 week work period, the employee
cannot work over 1040 hours. For a 52 week period, all hours over 2080 are paid at overtime and the
employee cannot work over 2240 hours. See 29 U.S.C. § 207(b).

The 7(j) partial exemption applies only to employees working in hospitals or residential care facilities
and requires an agreement with the employees. See 29 U.S.C. § 207(j).

Dominici, supra, 881 F.Supp. at 320.

Featsent v. City of Youngstown, 70 F.3d 900, 906-907 (6th Cir. 1995) (holding that city entitled to rely on
advice of its attorney to establish a good faith defense.)
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Strategic Human Resources Management in Government: Unresolved Issues

Jonathan Tompkins

The concept of strategic human resources management (SHRM) holds considerable promise for improving government performance. However, to realize this promise, it is necessary to invest the concept with clear meaning. This article explores unresolved issues regarding the meaning of SHRM and its relevance to public organizations. Arguing that the value of the concept is undermined by tying it too closely to strategic planning, the article offers an expanded, two-pronged understanding of SHRM. The personnel office, in addition to helping the agency implement strategic initiatives, also carries out an integrated personnel program guided by a coherent theory about what it should be doing and why.

The concept of strategic human resources management (SHRM) is well established in business literature. It refers to ongoing efforts to align an organization’s personnel policies and practices with its business strategy. The recent interest in SHRM reflects a growing awareness that human resources are the key to success in both public and private organizations. Yet, despite this growing awareness, the relevance of SHRM to public organizations is far from clear. Government agencies rarely operate in competitive markets and thus do not develop business strategies in the same sense that private organizations do. And because they function within larger systems of authority, they do not enjoy the same degree of autonomy that private organizations do to alter their personnel policies or provide performance-based incentives to employees. Given these inherent differences, SHRM cannot be transferred successfully from the private to the public sector without tailoring its design and implementation to the unique characteristics of public organizations.

At present there remain many unresolved issues about what modifications are required and the probabilities of their success. If SHRM is to succeed in fundamentally altering the role of the personnel department and the practice of public personnel management, greater clarity is required regarding the concept of SHRM and how it is to be implemented in public organizations. Accordingly, this article examines unresolved issues regarding the relevance of
SHRM for government agencies and closes with an argument for an expanded understanding of what it means to manage human resources strategically.

**Procedural and Structural Prerequisites: Unresolved Issues**

Figure 1 presents a conceptual framework representative of the kind found in the business literature. It depicts SHRM as a process that merges strategic planning and human resource management. Specifically, it views SHRM as a continuous process of determining mission-related objectives and aligning personnel policies and practices with those objectives. The personnel department plays a strategic role to the extent that its policies and practices support accomplishment of the organization’s objectives. Key components include analyzing the agency’s internal and external environments, identifying the agency’s strategic objectives, developing HR objectives and strategies consistent with the agency’s goals (vertical integration), and aligning HR policies and practices with each other (horizontal integration). For this conceptual understanding of SHRM to be implemented successfully, certain structural and procedural requirements must be satisfied. These core requirements include the following:

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 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.

These prerequisites capture what is required to integrate strategic planning with human resources management in a way that enhances organizational performance. Such an integration is difficult to achieve, for example, if there is no strategic planning process in place, no participation by the personnel director, and no subsequent development of personnel initiatives designed to support identified objectives. These prerequisites are explored below, along with unresolved issues about how to fulfill them in governmental settings.
**An Established Strategic Planning Process**

The role of strategic planning is to provide agencies with a clear sense of direction by clarifying mission, setting priorities, and identifying goals and objectives. NAPA’s *Guide for Effective Strategic Management of Human Resources* recommends a short and simple planning process, five to seven days in length, which establishes five or six key objectives to be accomplished during the next few years.\(^2\) A short and simple process has the advantage of providing a clear sense of direction to line and staff officials without becoming an overly elaborate and ultimately hollow planning exercise.

Most federal agencies engage in strategic planning because they are required to do so by the Government Performance and Results Act of 1993. The extent of its use among state and local governments, although somewhat less clear, is indicated by the results of two studies. Of those responding to a national survey of state agencies conducted by Berry and Wechsler, 60 percent said they had strategic planning processes in place.\(^3\) Similarly, in a study of municipalities with populations between 25,000 and 1,000,000, Poister and Streib found that 60 percent had adopted strategic planning in at least one department or program area.\(^4\) These findings indicate that a large and growing number of state and local agencies are using strategic planning as a basic way of doing business.
One unresolved issue is whether the goals of SHRM are best achieved through a single, top-down, jurisdiction-wide strategic planning process or by separate agency-level planning processes. The business literature promotes strategic planning as a company-wide process in which top executives identify strategic objectives for the entire organization and managers develop their operational plans accordingly. But however appropriate this may be in the private sector, it is less so in the public sector. The essential task of government agencies is to execute public law. Because each agency has a unique mission and set of mandates to carry out, a single, top-down strategic planning process is less appropriate for purposes of SHRM. As Poister and Streib observed in their study of municipal governments, strategic planning may be “more useful for major organizational units with a unified sense of mission rather than a highly diversified and fragmented municipal jurisdiction as a whole.” While it is true that states such as Oregon and communities such as Rock Hill, South Carolina have engaged in strategic planning, such efforts are typically short-term exercises designed to resolve jurisdiction-wide problems or policy issues rather than institutionalized processes designed to enhance agency performance. Enhanced performance is the purpose that SHRM is intended to serve. Because each agency has a unique mission and set of mandates, SHRM logically requires agency-level strategic planning processes guided by legislative intent as well as the chief executive’s policy or political agenda. The subsequent integration of agency plans into a jurisdiction-wide strategic plan is not required for purposes of SHRM.

A second unresolved issue is whether SHRM requires a particular kind of strategic planning to deliver on its promise of enhanced organizational performance. Strategic planning may be practiced in a variety of ways. It may be externally-oriented, bringing together a diverse range of stakeholders to resolve issues of mutual concern, or internally-oriented, bringing together a cross-functional team of agency officials to set internal priorities and objectives. It may be mandated from above for purposes of accountability, or adopted voluntarily by an agency to establish a clear sense of direction. It may comprise a temporary, problem-specific process that ends when the immediate problem has been resolved, or an ongoing, institutionalized process for goal setting and issues management. Lastly, it may follow the Harvard policy model and call for extensive analysis of the agency’s internal and external environments, or it may avoid lengthy analyses, opting instead for simple goal-setting exercises. Process characteristics are important because they affect how seriously strategic planning is taken by agency staff, its perceived value as a management tool, and how much it ultimately contributes to organizational performance.

Advocates of SHRM tend to assume an institutionalized, internally-oriented strategic planning process adopted by agencies to clarify their missions, set priorities, and decide upon strategic objectives. There are, however, two contrasting approaches in current use. Little attention has been given to which of these is best suited to SHRM. The performance management approach, which is typically mandated by law or executive order, aims to ensure accountability. Under this approach, strategic objectives are stated in terms of desired
results, such as a ten percent increase in the number of criminal cases closed successfully, and appropriate performance measures are identified to track success in achieving identified objectives. Although touted as an important governmental reform by members of the managing-for-results movement, this approach relies upon several problematic assumptions. Among these are that agencies do not and will not pursue meaningful results on their own initiative, that rational planning models are appropriate for use in the public sector, that agencies can in fact translate their missions into measurable outcomes, and that agencies should be rewarded and sanctioned according to their degree of success in achieving their stated objectives. Despite the difficulties inherent in this approach, it has been mandated for use in the federal government as well as in many states. By contrast, the issues management approach is undertaken voluntarily to address emerging issues, internal or external to the agency, that are likely to affect its ability to carry out its mission. Its primary purpose is adaptability rather than accountability. Under this approach, strategic objectives are stated in terms of the actions required to achieve a desired future state. Although the planning process is sometimes institutionalized and ongoing, in many cases it is undertaken on a limited basis to address emerging areas of concern. Examples of the latter include a federal agency seeking to maintain program quality in the face of budget cuts, a suburban school district wishing to explore educational reform initiatives, and a public library struggling to maintain employee morale as demand for its services continue to rise. The issues management approach tends to emphasize political rationality (doing what is politically acceptable to powerful stakeholders) over formal rationality (utilizing objective criteria and cost-benefit calculations to determine how best to attain agency goals). Key stakeholders are often brought together to negotiate an agreement about what to do and how. This approach also tends to be more pragmatic than ideological, reflecting the assumption that strategic planning is a valuable management tool for adjusting an organization to its external environment and keeping it focused on desired future states. Although tracking success with quantitative measures is not excluded under this approach, emphasis is placed on addressing issues affecting the agency’s ability to carry out its mission rather than managing performance through the use of outcome measures.

Although this issue remains unresolved, it is possible to cite three reasons why the performance management approach is less suited to the purposes of SHRM. First, its underlying assumptions are difficult to satisfy in practice, potentially leaving participants frustrated and undermining their commitment to the process. As Bryson and Roering have cautioned, “a strategic planning system characterized by substantial comprehensiveness, formal rationality in decision making, and tight control will work only in an organization that has a clear mission; clear goals and objectives; centralized authority; clear performance indicators; and information about actual performance available at reasonable cost. Few public-sector organizations – or functions or communities – operate under such conditions.” Second, performance management systems are usually mandated from above and monitored by budget
and planning offices. The problems associated with mandating strategic planning for purposes of control are well established. Such systems tend to create an underlying air of distrust, which undermines commitment to the process. They tend to skew goal statements, choice of performance measures, and actual behaviors towards those results that are easiest to achieve, whether or not they truly enhance organizational performance. Third, the model of SHRM presented in Figure 1 calls for the alignment of personnel policies and practices with strategic initiatives designed to help the agency adapt to or cope with internal and external pressures. It does not call for their alignment with performance measures as such. Managing issues and measuring program results may be complementary processes, but planning for action and planning for control are two very different things. In the final analysis more research is required to determine whether the issues management approach is best suited to the purposes of SHRM or, alternatively, whether it is possible to integrate the two approaches successfully.

Involvement of the Personnel Director in Strategic Planning

SHRM as conceptualized in Figure 1 requires more than an established strategic planning process. It also requires the full involvement of the personnel director in that process. This is necessary to ensure that the strategic initiatives under discussion are evaluated in terms of their implications for human resources. When a new program initiative is under consideration, for example, the personnel director can offer an analysis of the gap between current human resources capabilities and projected needs. Similarly, if an agency wishes to adopt a customer-service orientation, the personnel director can explain the difficulties inherent in changing an organization’s culture and the kinds of training and incentives required to accomplish it successfully. Involvement by the personnel director is also necessary so that the personnel staff can obtain a better and more complete understanding of the agency’s mission and the issues confronting line managers.

Although examples of strategic partnerships are increasingly heralded in professional journals and at management conferences, many jurisdictions still do not include human resource professionals in strategic deliberations. An unresolved issue here is how to forge such a partnership. Traditionally, agency executives have tended to view the personnel office as a staff agency performing relatively routine functions and occupying a relatively low status in the organizational scheme of things. Consequently, they have not been inclined to involve personnel directors in strategic deliberations. At the same time 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 administra-
tion of personnel systems rather than general management or organizational development.

A Clear Statement of Strategic Objectives

Strategic goals and objectives, key products of the planning process, are often stated in a written plan. This plan provides a useful guide to the personnel office as it seeks to align existing policies and practices with strategic objectives. A written plan is not, however, an essential requirement of SHRM. As noted in NAPA’s Guide for Effective Strategic Management of Human Resources, “the absence of a written plan developed at the agency level does not mean that SHRM cannot exist. The HR office can develop its own plan for linking its goals to the agency’s goals, or the staff can be reminded of the need to factor the agency’s strategic goals into its daily operations.”

For purposes of SHRM, all that is required is that members of the personnel staff know and understand the agency’s strategic objectives so that they can contribute to their attainment.

Although this requirement appears straightforward enough, most discussions of strategic planning fail to define what the term strategy or strategic objective means in a public context. In private sector firms practicing SHRM, a business strategy is designed to give them a competitive edge over other firms in their industry. They have three basic strategies from which to choose. The innovation strategy involves developing a unique product or service, or concentrating on a specific market niche; the quality enhancement strategy involves offering products or services that are superior in quality; and the cost reduction strategy involves reducing costs so that the firm can offer goods and services at the lowest possible price. Firms may also explore different growth strategies, such as those involving mergers and diversification. Once business strategies are selected, specific objectives are identified and the task of aligning personnel policies and practices begins.

Because public agencies are embedded in authority networks rather than economic markets, what it means to select a “business strategy” is much less clear. As Wechsler and Backoff have noted, the “strategies of public organizations, unlike business strategies, are produced in response to a variety of competing signals that emanate not from markets but from complex political, economic, legal, and organizational structures, processes, and relationships.”

Whereas business executives are relatively unconstrained in making strategic decisions, the constraints encountered by public administrators often cause them to make strategic choices other than those they believe are best suited to mission attainment. Factors influencing choice of strategy include the political goals of elected officials, demands of powerful stakeholders, judicial mandates, budgetary constraints, the organization’s capacities and resources, and its relationships with other organizations. Agencies are more likely to engage in strategic planning and more likely to succeed in implementing their intended objectives when they possess internal capacity for performance (adequate funding, personnel, and management systems), a supportive political envi-
An agency’s strategy may be understood as the basic pattern reflected in its policy decisions and actions. Wechsler and Backoff’s analysis of state agencies in Ohio revealed three basic patterns. Developmental strategies involve actions taken to enhance the agency’s resources, status, influence, and capacity for future action, presumably as it relates to mission attainment. Developmental strategies are often products of a formal planning process in which strategists and planners deliberately seek to develop capacity so as to maintain internal control and enhance organizational performance. Political strategies involve actions taken either to balance competing stakeholder demands or to reward supporters of the administration by moving the agency in specific policy or programmatic directions. For example, control over internal operations may be tightened in order to further a specific political agenda. Such strategies are adopted where political and partisan pressures are high. Protective strategies involve actions designed to accommodate external pressures or appease external stakeholders while maintaining the organizational status quo. It is a reactive strategy more or less forced on an agency by an overtly hostile environment and weak internal capacity for strategic action. It is a pattern that is highly frustrating for agency staff.

Steeped in the rationalistic assumptions of planning theory, discussions of SHRM tend to envision agencies pursuing developmental, capacity-building strategies rather than political or protective strategies. In practice, however, a developmental strategy requires widely shared objectives, the capacity to plan and carry out strategic initiatives, extensive discretion, adequate resources, and relatively weak or divided external forces – conditions which often cannot be satisfied. Although Backoff and Wechsler do not address issues relating to SHRM, their analysis strongly suggests that SHRM may look very different in agencies engaged in political or protective strategies. Rather than helping an agency develop its capacity for mission attainment, the personnel office may be asked, for example, to help the agency secure the political loyalty of career civil servants, recruit and reward based on partisan or political criteria, or tighten control over employee performance. In short, although the concept of SHRM, with its emphasis on linking means and ends, strongly implies an institutionalized process utilized by agencies pursuing a developmental strategy, it must be kept in mind that agency performance can be defined in terms of political and protective objectives as well, and that SHRM, as it is generally understood, may be undermined or derailed as a result.

**Alignment of HR Policies and Practices with Strategic Objectives**

Although their mandates are set by external actors, agencies still must interpret their mandates, clarify their missions, and seek agreement among key stakeholders regarding how their missions will be carried out. Statements of
strategic objectives, written or unwritten, emerge from these decision processes. The core requirement of SHRM is the alignment of personnel policies and practices with the agency's strategic objectives. Although many examples of alignment have been reported in the literature, no classification system has yet been proposed to capture how alignment is accomplished. In general, the reported examples tend to fall into one or more of the following categories:

1. **Adapting to environmental change.** This category includes actions taken by the personnel office in response to external events or trends, such as budget cuts, tight labor markets, changing demographic characteristics of workers, and new technologies. During a period of retrenchment, for example, the personnel office can help managers communicate to staff members the reasons behind staff cutbacks and how they will be accomplished, develop and introduce an early retirement incentive program, counsel those who must be laid off about alternative job opportunities, provide stress management programs for those anxious about their jobs or struggling to cope with increased workloads, and explore the use of temporary or contract employees to ease workload burdens. Adaptive responses of this kind may or may not be guided by a formal statement of agency objectives.

2. **Building human capacity to support strategic initiatives.** Human resources planning is a traditional personnel function. It involves forecasting future staffing needs and taking steps to recruit new employees or train existing employees to meet the forecasted demands. What is unique in the context of SHRM is analysis of the gap between current and required capacity for each new strategic initiative. If an agency has decided to serve a new clientele group, expand services into new areas, or take on an entirely new program, the personnel office can play a strategic role by recruiting new employees with the requisite skills or enhancing the skills of existing personnel through training and development.

3. **Changing organizational culture.** Many public organizations have followed their private sector counterparts by reinventing and reengineering themselves. Major reform initiatives often require new organizational cultures, cultures driven by different values and requiring different behaviors. Adopting a “customer-service” orientation, for example, has become a common strategic objective in both the private and public sectors. The personnel office can help develop a shared commitment to service quality and customer satisfaction through its employee orientation sessions and training programs. It can also redesign performance appraisal and incentive systems so that employees are rewarded for emphasizing quality and customer service. The personnel office can undertake similar efforts in agencies seeking to move from a process-oriented to a results-oriented culture.\(^8\)

4. **Preparing employees for change.** Staff members often resist the implementation of major reforms because of implicit or explicit threats to personal security. Thus, in addition to taking steps to develop a new organizational culture, the personnel office can also take steps to prepare employees for impending changes. It can, for example, encourage managers to involve
employees in the design and implementation of the new program or reform initiative, help communicate the purposes behind the changes and the benefits to be derived from them, and provide additional training opportunities so that staff members are prepared to function successfully under the new order.

5. **Supporting a specific “business strategy.”** This category, which overlaps with the preceding ones, is distinguished by the selection of a specific business strategy for success. Many of the examples of alignment in the business literature envision this kind of situation. When Marriott, for example, decided to gain a competitive advantage by being “the employer of choice,” the personnel office altered its policies and practices so as to attract and retain the very best workers available.19 Another business strategy is to become “a high commitment” organization. In this instance the personnel office is charged with altering its policies and practices to encourage employee development and empowerment. Indeed, some advocates tend to equate SHRM with the adoption of “progressive” policies designed to boost employee commitment and performance.20 The common denominator in these business strategies is the belief that human resources are the key to organizational success.

These five kinds of actions are undertaken to achieve vertical integration. Vertical integration is a measure of how well personnel policies and practices, individually and collectively, contribute to organizational objectives. As indicated in Figure 1, horizontal integration is important as well. This is a measure of how well personnel policies mesh with each other in contributing to organizational objectives. The goal is to develop an integrated personnel program in which policies and practices in one functional area do not work at cross purposes with those in other areas.

### Changing the Role and Structure of the Personnel Office

The first four requirements of SHRM cannot be satisfied unless the personnel office fundamentally alters the way it does business. An unresolved issue is how to do so. Advocates of SHRM have offered several recommendations in this regard. First, the personnel office must develop the capacity it needs to support strategic initiatives. This means it 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.
Second, the traditional control orientation must be superseded by a service orientation. The required line-staff partnership cannot be forged as long as the personnel office is perceived by agency managers as an enforcer of rules and a source of suffocating red tape. According to SHRM advocates, a service orientation can be established by assigning primary responsibility for human resource management to managers and creating service teams comprised of personnel generalists to assist managers in achieving mission-related objectives. Under this proposal, personnel generalists are to perform a service-oriented role both when administering personnel systems such as classification and pay and when consulting with managers about specific personnel problems or objectives. Adopting a service orientation does not require that the personnel office abdicate its responsibility for safeguarding merit, employee rights, and equal employment opportunity. Rather, it means carrying out this responsibility as legal counselors rather than police officers. If the personnel office is to contribute more directly to an agency’s mission, shifts in role orientation are important. For SHRM to be implemented successfully, according to NAPA, “the HR staff must believe that their mission is helping the agency accomplish its mission by assisting supervisors in managing their human resources.”

Lastly, many advocates of SHRM believe that highly centralized personnel systems must be decentralized and deregulated. Perry and Mesch argue, for example, that the implementation of SHRM is incompatible with highly centralized personnel systems. Possessing unique missions and mandates, and facing unique situations, agencies must be able to tailor their personnel policies and practices to their strategic needs. Centralized personnel systems deny them the flexibility they need. Structural reforms may include reducing the number of centralized personnel regulations to the bare minimum needed to enforce statutory requirements, devolving responsibility for classification and applicant screening to the agency and bureau level, and delegating policy making authority downwards so that agencies can establish personnel policies suited to their individual needs. Advocates of structural reform believe that certain positive effects will follow, including greater flexibility and timeliness in personnel decision making and improved line-staff relations.

In fact, however, decentralization and deregulation may not be a prerequisite for the successful implementation of SHRM. Structural reform efforts tend to encounter serious obstacles and create new problems. For example, devolution of authority means that agency personnel must be trained to handle personnel transactions formerly handled by a central personnel office and new ways must be found to coordinate the efforts of all line and staff officials engaged in performing the personnel management function. Some of these obstacles may prove insurmountable, creating additional redundancies and waste and further undermining agency performance. From the perspective of SHRM, structural reform may not be necessary as long as each agency has sufficient authority and flexibility to align its personnel policies and practices with its strategic objectives. This, too, remains an unresolved issue.
An Expanded Understanding of SHRM

What it means to manage human resources strategically can be understood in more than one way. The difficulty with the understanding discussed above is that it lacks an integrated and sustained focus on the organization’s human resources. Because it is closely tied to the practice of strategic planning, it envisions the personnel office taking only those actions necessary to support a specific strategic objective. In this instance the role of the personnel office may be strategic but it is also somewhat ad hoc and reactive. In actuality there is much the personnel office can do to advance an agency’s strategic interests other than, or in addition to, supporting the initiatives that emerge from a strategic planning process.

An alternative understanding of what it means to manage human resources strategically has been suggested by Eugene McGregor. It begins from the premise that many, if not most, government jobs are knowledge-intensive, involving the creation of knowledge or the creation of “smart products” through the application of “trained intelligence.” Where this is the case, the intellectual capital stored within the workers becomes the critical resource for the organization and must therefore be viewed as a strategic resource. Managing this strategic resource strategically involves determining essential knowledge, skills, and abilities; improving recruitment and selection methods; developing the capacities of all employees so that the agency can respond to any opportunity or threat appearing on the horizon; and fostering employee commitment so that human capital is not lost to other employers. In short, this alternative understanding envisions a personnel office pursuing an ongoing, integrated program for enhancing organizational performance by acquiring, developing, and managing human resources strategically.

With these observations in mind, it is possible to suggest an expanded, two-pronged approach to SHRM in which the personnel office, in addition to helping the agency implement strategic initiatives, also carries out an integrated personnel program guided by a coherent theory or philosophy about what it means to manage human resources strategically. A theory or philosophy of this kind specifies how human resources must be treated, how much money must be invested in developing human capital, the kind of culture and work climate that must be established, and the specific attitudes and behaviors that must be elicited if the agency is to achieve its vision of success. Personnel offices are rarely guided by such a theory has been cited as the primary reason for their low institutional standing. If the personnel office succeeds in developing such a theory in consultation with agency officials and legislative bodies, the next step is to identify and implement appropriate human resource strategies. Six human resource strategies are identified in Figure 2. Although these strategies are neither exhaustive nor mutually exclusive, they nonetheless serve to illustrate the connections between values and vision, desired outcomes, and the programmatic means by which to realize them.
<table>
<thead>
<tr>
<th>HR Strategies</th>
<th>Underlying Values</th>
<th>Desired Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Containment Strategy. Containing labor costs by setting salaries at or below market levels, adopting wellness programs and managed care to reduce benefit costs, and using part-time, temporary, and contract employees whenever possible.</td>
<td>economy</td>
<td>cost-effective staffing</td>
</tr>
<tr>
<td>Performance Management Strategy. Setting measurable objectives for employees and making rewards contingent upon performance.</td>
<td>productivity</td>
<td>mission-related results</td>
</tr>
<tr>
<td>Involvement Strategy. Providing employees, individually or in teams, with considerable work autonomy, decision-making authority, and responsibility for a “complete” task.</td>
<td>empowerment</td>
<td>sense of ownership; enhanced motivation and contribution; employee commitment and retention</td>
</tr>
<tr>
<td>Retention Strategy. Providing the conditions necessary to retain valuable human resources, including generous benefit packages, pay that is at or above market, positive work environment, and family-friendly policies such as flextime and day care assistance.</td>
<td>need satisfaction</td>
<td>job satisfaction; employee commitment and retention</td>
</tr>
<tr>
<td>Investment Strategy. Increasing individual competence and organizational capacity by investing heavily in training and development.</td>
<td>human development</td>
<td>personal competence; agency adaptability; employee commitment and retention</td>
</tr>
<tr>
<td>Cohesion Strategy. Establishing a sense of community and strong social bonds through agency newsletters, picnics, and recreational activities, and by fostering open and trusting relationships between employees and managers.</td>
<td>comradeship; openness; trust.</td>
<td>job satisfaction; cooperative relations; employee commitment</td>
</tr>
</tbody>
</table>

The cost-containment strategy tends, in practice, to serve as a default strategy. Although it is antithetical to McGregor’s understanding of what it means to manage strategic resources strategically, it is often the strategy of choice among elected officials concerned with holding the line on labor costs and budget increases. Where there is no agreed upon vision of success, nor any theory regarding the strategic importance of human resources to agency performance, other strategies tend to receive little attention. However, the convergence of several factors in recent years, including tighter labor markets, a growing proportion of high-skill and knowledge-intensive jobs, a better educated workforce with heightened growth needs, and political pressures to improve government performance, has turned attention to alternative strategies. The performance management strategy, for example, has been adopted in jurisdictions where the values and assumptions of the managing-for-results movement have gained sway.26 Similarly, because most government employ-
ees are knowledge workers who can sell their intellectual capital on the open market, many agencies are turning to a combination of the investment, involvement, and retention strategies to attract, develop, and retain the human resources they need to provide knowledge intensive services in an ever changing environment. The investment strategy in particular reflects a growing awareness that human competence is the engine behind the creation of value.27

The strategies or combination of strategies chosen, if any, depends on situational factors such as the nature of the work performed by agency staff, the agency’s capacity for pursuing excellence, and the priorities of its leaders. Political and practical factors often divert attention from developing a human resource philosophy or expending funds to put it into practice. Indeed, as McGregor has noted, “in the minds of many a case-hardened practitioner, the idea of strategic public-sector human resource management may well be an oxymoron.”28 But if the prospects for implementing SHRM in the public sector are uncertain, the concept itself represents a valuable goal toward which to strive.

Conclusion

The concept of SHRM as outlined above calls upon the personnel office to adopt a strategic role in addition to its operational roles as rule enforcer and guardian of the integrity of personnel systems. For the personnel staff, adopting a strategic role means being more responsive to agency goals by acting as consultants and service providers to line managers; supporting the attainment of the agency’s strategic objectives; and carrying out an integrated, philosophy-driven personnel program. Although the concept of SHRM is steeped in problematic, rationalistic assumptions, it nonetheless holds considerable promise for enhancing government performance. Its success depends on whether the personnel office can integrate its strategic and operational roles successfully and whether it can satisfy the norms of political and formal rationality simultaneously. Too much is at stake for this potentially valuable concept to become a label for yet another failed management initiative.
Notes


5. Poister and Streib, “Management Tools,” 244.


12. Bryson, Strategic Planning.


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Internal Human Resources Consulting: Why Doesn't Your Staff Get It?

Marnie E. Green

For over a decade HR leaders have been striving to become business partners. They want to have a strategic impact on their organizations; however, many are struggling to make this transition. The primary reason for lack of progress in this endeavor is that HR analysts, the staff who carry out this mission, are still trained and reinforced in the traditional, transactional mindset. In order for the entire HR department to be considered strategic in nature, the HR analyst must learn critical consultative skills. These skills must be developed through a structured, deliberate approach. A methodical approach to developing HR staff for this role should include the following elements:

- Clearly defined jobs for internal HR consultants
- Strategic mission for the HR department that includes consultative approaches
- Formal training programs for internal HR consultant staff development
- Feedback on performance, including consultative skills
- Individual development planning based on feedback
- Coaching, mentoring, and continual feedback on consultative skills
- Job rotation

A consultative human resources professional is a business partner with the organization. Most human resource leaders have likely uttered one of these statements recently:

- “We're becoming more strategic.”
- “Our HR department serves as a business partner with line departments.”
- “I'm not an Analyst, I'm an Internal Consultant.”
“Our HR Department's goal is to add value to the organization.”
“HR has a seat at the table and has a voice for answers.”
“We are consulted before major decisions are made by our line departments.”

Most human resource departments still focus on the transactional parts of their job-filling vacancies, maintaining employment records, and running open enrollments. HR professionals are not being insincere when they say that they want to become more strategic and more consultative; many organizations just need to define what it means to be “strategic” and “consultative.” Even those organizations that have created strategic plans and defined missions have, in many cases, fallen short of fully implementing the new mission due to a lack of critical skills in the area of internal consulting.

The purpose of this article is to clearly define what is meant by, “internal HR consulting.” The skills needed to transition from a “traditional” HR professional to a consultative practitioner will be explored. Finally, recommendations will be offered for organizations desiring to transform their organization and their staffs to a consultative approach.

The Cutting Edge

For the last decade, we have been asked to become strategic and consultative. Edward E. Lawler III, director of the Center for Effective Organizations at the Marshall School of Business, University of Southern California said, “HR people are more likely to have a seat at the table when strategy is set and decisions are made and when they translate those decisions into HR policies and practices.” This puts the human resource professional in a new role. They are now expected to be problem-solvers, conflict resolvers, coaches, and liaisons with lots of organizational savvy. This expectation is a huge shift in what organizations have traditionally expected from HR.

Traditional HR professionals are those who focus on recruiting, training, pay, and industrial relations. These functions are transactional in nature and are typically measured in volume. Strategic, consultative HR professionals focus on the strategy and the culture of the organization, contributing in creative ways that impact the entire organization's productivity and effectiveness. Consider the following table as a way of comparing the transactional HR professional with the strategic HR professional.
It is obvious that the roles and expectations of the HR professional are evolving, and the direction is strategic rather than transactional. Public sector organizations have heard the call and have developed detailed strategic plans to direct their organizations into the future. Organizations such as the City of Charlotte, NC, the City of Rochester, NY, and Maricopa County, AZ, have created and published, via IPMA, detailed strategic plans that will guide their organizations toward being strategic rather than transactional. Such plans include clear mission and vision statements and measurable departmental goals that revolve around measurable results. This is a great start. However, it is only the beginning for organizations that want to create a truly strategic, consultative HR function.

### What We Are Missing?

After a decade of reading about this transition, it is time for HR leaders to realize that they cannot do it alone. Many HR directors and administrators have figured out the difference between being transactional and strategic; however, many HR staff members have not. The evolution necessary for this shift will not occur until HR staff members are adequately prepared and trained for their new role.

If the HR department wants to be seen as a business partner, the entire HR staff must understand what being a business partner means, and every member of the HR department must be prepared to carry out part of the process. Internal HR consulting embodies an array of knowledge, a set of defined skills, a shift in attitudes, and a new way of thinking about HR's role. Organizations that are successful in making this shift will educate and prepare HR staff members to make the transition. The critical skills and strategies for helping HR staff become more consultative follow.

<table>
<thead>
<tr>
<th>HR Roles Compared: Transactional vs. Strategic</th>
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<tbody>
<tr>
<td>Role of the HR Professional</td>
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<tr>
<td>Areas of Interest</td>
</tr>
<tr>
<td>View of the organization</td>
</tr>
<tr>
<td>Client</td>
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<tr>
<td>Status in the organization</td>
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<tr>
<td>Educational requirements</td>
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<tr>
<td>Time range for activities</td>
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<tr>
<td>Business based on</td>
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</tbody>
</table>
Critical HR Consulting Skills

A large body of information exists on the necessary competencies of an HR professional. In general, most scholars agree that the following knowledge, skills, abilities, and attitudes are necessary for a consultative HR practitioner to be effective.

Knowledge of:
- Management and organizational theory
- Organizational culture
- Organizational change theory
- Job design
- Consultative approaches
- Strategic planning
- Systems theory
- Project management

Skills of:
- Open communication with all levels of the organization in both oral and written form
- Influence
- Diagnosis and analysis
- Feedback
- Application of survey and research methods, including data collection
- Time management

Ability to:
- Work with diverse populations and perspectives
- Build rapport among others
- Stay focused amidst change
- See the big picture
- Handle rejection or resistance
- Project hope and optimism
- Project a positive professional image

Attitudes of:
- Seeing self as an expert; self confidence
- Sensitivity to how actions are perceived
- Belief in personal career growth
- A determined and persistent spirit
- Perceptual objectivity
While many HR leaders have developed these skills through years of experience and by trial and error, many of the HR staff members who support them and carry out their department's missions have not developed these same skills and abilities.

If entire HR departments are to transition to this consultative mission, the HR staff member, the analyst, or the representative must be given an opportunity to learn these critical skills. Often they are not given the same developmental opportunities as the HR organization’s leadership and then the leadership wonders why the organization is not moving in the desired direction. This is the crux of the problem and the solution may already be obvious.

We Need to Develop HR Staff Members

The idea of HR staff development may seem obvious. However, the message to staff while learning and performing tasks is often inconsistent and makes the transition slow, or even non-existent. Many of the inconsistent messages have evolved over time and have become the cornerstones of the HR staff role.

First, HR professionals have been taught to be orderly. They are taught to keep accurate records, to complete documentation, and to maintain defensible files. While this thinking is necessary and logical, it leads the analyst to believe that all parts of the job should be treated with such order. However, being consultative often requires flexibility and creativity. Most HR departments have not fostered this deviation from tradition because they fear breaking the rules.

Second, the last two decades have been the era of the customer. Customer service programs have invaded the HR workplace, and HR professionals have learned to say "yes" to customers, sometimes to the HR department's or the customer's peril. In the effort to be responsive and flexible, many HR professionals have heard another message: "Just do what they ask for." By following such logic, HR is perpetuating the trend of being transactional and reactive, rather than consultative and proactive. Likewise, the drive to meet the customer's requests has lead the customer to be dependent upon HR for solutions. So the dependency cycle continues. Being consultative means helping line managers find their own solutions. Good customer service does not mean always doing what the customer asks. Good customer service means helping the customer find answers that will solve the problem.

A recent monograph by Edward E. Lawler, III and Susan Albers Mohrman reported that more than half of HR leaders said that 40 percent of their HR employees lacked the skills to succeed in this new work role. Lawler believes this is because:

- most HR people have not worked outside of the HR function;
- most do not have the background in information technology; and
- most don't have business degrees.
The bottom line is that very few HR professionals have prepared or are preparing themselves for their new role as strategic business partners. Yet, the rhetoric about "having a seat at the table" continues. HR leaders must do something now to fill this gap.

**Developing Internal HR Consultants**

In order to successfully make this transition, the organization must embark on a comprehensive and sound plan for developing and transitioning the HR staff professional to a consultative role. The goal of this effort is to develop internal consulting skills that allow analysts to move from a “transactional” mindset to one of helping client organizations achieve their organizational goals within the larger organization’s human resource system. Progressive HR departments are implementing creative measures for developing their HR professionals. Following are five potential elements of a leading edge, internal HR consultant development program.

**Element One: Defined Jobs and Goals**

First, the job of the analyst must be redefined to include the consultative skills previously described. This may include a redesign of the HR professional’s career path within the organization. Some organizations have considered two career paths for HR practitioners—one of the consultant and one of the transactional professional. This choice allows some HR staff members to continue meeting traditional and necessary needs, supporting the day to day operations of HR, while the organization as a whole makes the transition.

**Element Two: “Internal Consulting” Defined for the Organization**

In addition to defining the internal consultant’s job, the concept of "internal consulting" needs to be clearly defined in terms of the organization’s structure, mission, and function. The following questions should be clearly answered before jumping into the internal consulting business:

- Where and how will the consulting effort start?
- How will consulting projects be identified?
- How will consulting projects be tracked?
- Will we market our services to the line departments and if so, how?
- Will we target our services to certain departments?
- How will we define success in the consulting effort?

As a result, a “strategic plan” for the HR organization’s consulting efforts should be established, so that roles can be defined and an action plan can be established.
Element Three: Internal HR Consultant Staff Development

Training programs should provide the framework and philosophy of HR consultant development for staff members who are expected to make the transition. The goal of these programs is to orient potential HR consultants to the concepts of internal consulting and to provide them with the opportunity to examine their own beliefs about this shift. In addition, training programs allow participants an opportunity to explore whether they are interested in taking their career in this new direction.

For organizations new to the concept of internal HR consulting, an introduction to HR consulting should be considered and should focus on the following topics and discussions:

- Why Internal Consulting?
- The Role of the Internal Consultant
- Opportunities Offered Through Internal Consulting - What’s In It For Me?
- What does it take to be a Consultant?
- Roadblocks to Effective Internal Consulting
- Consulting Models
- Defining What the Consulting Role Could Be or Should Be
- Determining What Is Next for the Organization?
- Development of Specific Plans for the Transition to Strategic HR Management

Likewise, internal HR consultants should be given the opportunity to attend a series of developmental workshops in order to hone their consulting skills. Ideally, the organization would offer these workshops internally so that the human resources team can explore and learn the skills together. However, smaller agencies may find it necessary to send staff members to outside sources to obtain these skills. The following list of learning topics would benefit internal HR consultant development.

I. Overview of the Consulting Model
II. Building Rapport, Credibility, and Trust with Clients
III. Tools for Entry and Contracting, Including How to Make Referrals
IV. Data Collection and Analysis
V. Giving Sound HR Feedback in Writing and Face to Face
VI. Evaluating the Success of the Consulting Engagement
VII. The Ethics of Internal HR Consulting
VIII. Facilitation Skills
The HR consultancy development program described above provides a framework for transitioning transactional HR professionals into consultative professionals. The actual implementation of such a program depends on the size of the agency and the resources available to the organization.

**Element Four: Individual Development Planning**

A strong staff development program should include the opportunity for analysts to receive feedback on their current consulting skills. A 360-degree feedback process should be used to assess their current HR skill levels, and the instrument should be tailored to reflect the consulting skills described above.

As a result of the feedback process, HR staff professionals should create individual development plans that will be used to improve their internal consulting skills. This process recognizes that individuals have their own unique developmental needs in relation to becoming more consultative. Individual development planning allows staff members to create their own learning plans and may be used to guide the HR staff member to reach his personal, as well as professional goals. The achievement of these plans may also be used by the HR Manager to evaluate the HR consultant's progress.

**Element Five: Human Resource Analyst/Consultant Job Rotation**

Internal HR consulting requires the HR professional to understand all processes and systems within the HR department. Job rotation is an effective method for learning these systems and processes and also builds team cooperation and support among the HR professionals. To fully develop internal HR consulting skills among the HR staff members, organizations should implement a job rotation program. The rotation of analysts among the functional areas should occur every 18 to 24 months. The rotation may coincide with existing vacancies that occur with normal attrition. However, a commitment to job rotation will further develop the HR skills of the analysts and will provide a deeper talent pool for the organization's HR staff. Job rotation is also an excellent method for developing bench strength among HR staff members, preparing them for future HR leadership roles.
Just Do It

Internal HR consulting is still a myth for many organizations. Without a systematic approach for moving HR staff members to a consultative skill set, the traditional, transactional, volume-focused mindset will prevail. Cutting-edge HR leaders are encouraged to develop a structured approach to help the HR staff make the shift. Don’t let the HR staff’s skill and perspective ruin the quest to “have a seat at the table.” Train them, develop them, guide them, and as a result, the HR function will truly become a strategic business partner with the organization’s leadership.

Notes

2. Brown, Judith. Strategic Human Resources-You Can Have a Seat at the Table! IPMA HR Center Series, IPMA website, www.ipma-hr.org

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The Use of Union Dues for Political Activity—Current Status

Suzanne M. Crampton
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Jitendra M. Mishra

The NLRB, in a significant ruling for organized labor, recently ruled that employees who are forced to pay union dues are entitled to know how their money is being spent. The NLRB ruled in January 1997 that unions must supply financial information to workers who pay dues but who have elected not to join the union. The use of union dues for political activity continues to be a controversial issue for both public and private unions. This paper will provide a brief overview of the legal history of unions in America and the current issues they are encountering. Legal issues relating to the use of union dues for political activities for both public and private unions will also be discussed.

A union is an organization that represents employees’ interests to management on such issues as wages, work hours, and working conditions. Employees participate in administering the union and support its activities with union dues-fees they pay for their union's services. Legislation protects public and private employees' right to join and participate in union activities. Legislation also requires that employers bargain and confer with unions over employment issues that directly affect unionized employees' working conditions. Issues such as wages, seniority, and disciplinary procedures are examples of required bargaining items.

Employees join unions for different reasons. In the United States, employees seek representation when they (1) are dissatisfied with certain aspects of their job; (2) feel that they lack influence with management to make the needed changes; and (3) see unionization as a solution to their problems. The union’s best ally is bad management. If managers listen to employees, give them some say in the policies that affect their jobs, and treat them fairly, then employees may not feel the need to organize. Managers who ignore their workers' interests and are autocratic in their management style often end up having their organization unionized.

Employers usually prefer a non-unionized work force. Unions may constrain what managers can do. As stated earlier, this particularly relates to decisions that directly affect the unionized employees' working conditions.
private industry, for instance, a company may decide to subcontract part of its operations, which is legally allowed. However, the possible effect of that decision has to be discussed with the union. For example, if senior-level employees are laid off as a result of the decision to subcontract, the contract language must be examined to see what it says about the affected employees' ability to transfer to other units within the company.

**Historical Overview**

**A Brief Overview of Labor Relations and the Legal Environment-Private Sector**

Early in the twentieth century, as the American economy became industrialized, many employers created horrendous working conditions for employees. Many employees were recent immigrants to the United States who had few skills, limited English, and no financial resources to cushion an employment interruption. Others were rural Americans who were part of the huge population shift from rural to urban areas. They, too, had few skills and financial resources. Employers were free to exploit both sets of workers because there was always a ready supply of replacements.

However, the onset of WWI and the continued industrialization of the economy resulted in a basic shift in the power relationship between employers and employees. This shift gained greater momentum as a result of the Great Depression. Millions of workers lost their jobs, placing even more pressure on employees. They were out of work and unable to provide for their families. It was in this environment that union activity in the private sector as we know it today was legalized by the Wagner Act of 1935 (also known as the National Labor Relations Act).

The Wagner Act was designed to protect employees' rights to form and join unions and to engage in such activities as strikes, picketing, and collective bargaining. The Act also established five employer illegal labor practices—employers can't interfere or coerce employees in exercising their rights to engage or not engage in concerted activities, dominate or interfere in union activities, discriminate against employees to discourage union membership, discharge and/or discriminate against employees who file charges or give testimony under the Act's provisions, or refuse to bargain collectively with the union that the employees chose to represent them. The Wagner Act also created the National Labor Relations Board (NLRB), an independent federal agency charged with administering U.S. labor law. The NLRB's primary functions are: (1) to determine the appropriate unit for collective bargaining in a company; (2) to administer certification elections-secret ballot elections that determine whether employees will be represented by a union; and (3) to prevent and remedy unlawful acts, called unfair labor practices. The NLRB remedies an unfair labor practice by issuing a cease and desist order, which requires the guilty party to stop engaging in the unlawful labor practice.3
The Taft-Hartley Act, enacted in 1947, represents a subtle shift in the relationship between unions and employers. The legislation was designed to limit some of the power that unions acquired under the Wagner Act and to protect the rights of management and employees. Although the Taft-Hartley Act was basically favorable to management's interests, its goals were to adjust the regulation of labor-management relations to ensure a level playing field for both parties. The Taft-Hartley included remedies from the NLRB for unfair union labor practices. Unions can't restrain or coerce employees in the exercise of their rights guaranteed under the Act, cause or attempt to cause an employer to discriminate against an employee who is not a member of a labor union for any reason other than failure to pay the union dues and initiation fees uniformly required as a condition of acquiring or retaining membership in the union, refuse to bargain in good faith with an employer after a majority of the employees in a unit have elected the union as their representative, ask or require its members to boycott products made by a firm engaged in a labor dispute with another union (which is called a secondary boycott, however, a union can call a boycott of products produced by its own firm— which is called a primary boycott), or charge employees excessive or discriminatory union dues as a condition of membership in a union under a union shop clause (which requires employees to join the union after being hired). Twelve years later the Landrum-Griffin Act was passed.

The Landrum-Griffin Act was enacted in 1959 and continued this shift in the legal environment toward more restrictions on union activities. The legislation was designed to protect union members and their participation in the activities and performance of their union. The legislation regulates how unions are managed. The legislation has three major sections. The first is a bill of rights for union members. It guarantees them secret and periodic elections to select their union officers. The legislation also gives union members the right to sue the union if the union violates their legal rights. The second section requires comprehensive reports to the Secretary of Labor regarding all financial activities of the union. The final section regulates individuals who may function as union officers. Individuals who have been convicted of criminal activities or have business interests that may conflict with the interests of the unions are prevented from holding office.

A Brief Overview of Labor Relations and the Legal Environment—Public Sector

Many of the conditions affecting workers in the private sector are similar to those affecting the public sector, with one significant difference. The legal relationship between public sector employees and private ones and their respective employers are constitutionally different at both the federal and state level. The government (federal and state) is sovereign and may be obligated by law to perform certain functions and provide certain services. Government officials are given authority to take necessary action and make required deci-
sions to ensure the performance of those activities. Although collective bargaining involves the sharing of decision-making power between the government and the union, at the federal level and in most states the government maintains significant authority. For example, public employees at the federal level and most state employees are forbidden by law to strike.\(^9\)

In the United States, the legal history of public sector organizations has gone through transitions. Public sector unions can be categorized as being at the federal level, state employee level, and local county and municipal level. Public employees have no rights under the Wagner Act, with the exception of employees of the U.S. Postal Service. The Postal Reorganization Act established the U.S. Postal Service as an independent agency and authorized the National Labor Relations Board to determine appropriate bargaining units, supervise representation elections, and enforce the unfair labor practice provisions of the Wagner Act.\(^10\)

While the Lloyd-LaFollette Act of 1912 gave postal employees the right to join unions and present grievances to Congress, it has been suggested that federal employees began negotiating over terms of their employment as early as 1883.\(^11\) The Pendleton Act, also known as the Civil Service Act, was passed by Congress in 1883. The legislation gave Congress the sole authority to set wages, hours, and other terms and conditions of employment. President Roosevelt issued an executive order in 1906 forbidding federal employees or their unions from soliciting increases in pay, either before Congress, its committees, or before the heads of executive agencies. President Taft repeated these restrictive executive orders. The Lloyd-LaFollette Act was passed in 1912 to reduce some of the restraints to postal employees by allowing organizations unaffiliated with labor organizations to present their grievances to Congress without retaliation. It appears that early on the collective bargaining activities of public unions at both the federal and state levels had more legal constraints than their private counterparts.

It was not until 1962 when President Kennedy issued Executive Order 10988 that federal employees were given the right to organize and form unions. The executive order recognized the right of federal workers to organize and present their views on wages and other conditions of employment to the federal agencies for which they worked. Executive Order 11491 passed in 1969 by President Nixon placed federal employee-management relations under the Federal Relations Council, rather than leaving authority with the various agencies or departments concerned. The Council interprets executive orders, makes policy decisions, and hears appeals.\(^12\)

The Federal Service Labor-Management Relations Act of 1978 was the first comprehensive legislation covering federal labor relations. The legislation was modeled after the Wagner Act. It created the Federal Labor Relations Authority (FLRA) to administer the law and outlined eight management unfair labor practices. For example, it is an unfair labor practice for agency management to discriminate against an employee on the basis of race, color, creed, national origin, sex, age, preferential or nonpreferential civil service status,
political affiliation, marital status, or handicap. It is also illegal to interfere with the exercise of employee rights, to discipline or discriminate against an employee because of union activity or the filing of a complaint under the statute, to refuse to negotiate in good faith with a labor organization, to refuse to cooperate in impasse procedures, or to enforce a regulation that conflicts with a previous collective bargaining agreement.  

The Federal Service Labor-Management Relations Act covers employees of federal agencies, although several are specifically excluded, such as the FBI, CIA, National Security Agency, TVA (Tennessee Valley Authority), GAO (General Accounting Office) and military personnel. A significant difference in the legislation is the absence of the right to strike among federal level employees. All agreements have to include a grievance procedure that includes binding arbitration as the final step.  

Picketing that interferes with an agency's operations is also prohibited, although informational picketing that doesn't interfere with operations is allowed. Of particular interest to this paper is the fact that, unlike the Wagner Act, union security agreements such as the union shop or closed shop are disallowed. Unions at the federal government level operate under agency shop agreements (i.e., every employee represented by the union, even if not a union member, must pay to the union a service charge usually equal in amount to union dues).

Since there are 50 states, there are obviously 50 different state constitutions covering public employees at the state level. The first legal provision for state public sector labor relations was passed in 1954 by Wisconsin covering state, county, and municipal employees. Currently, 40 states have adopted legislation relating to public sector labor relations and approximately two-thirds of the states have enacted legislation permitting public-sector collective bargaining. These state laws vary widely and some have used the Wagner Act as a basic model. Thus, agency shop agreements are also very common for state-level employees. Some state laws include both state and municipal employees while in other states only municipal or only state employees are covered. Specific statutes governing the collective bargaining rights of teachers, police officers, and firefighters have been enacted in some states for these employees, while in other states they are included in laws governing all state-level employees. Most municipal labor relations come under the jurisdiction of state legislation, although some municipalities are allowed to establish local labor relations agencies through local legislation (e.g., New York City has enacted local legislation to deal with over 100 local unions).

The Current Status of Union Dues and Political Activity

While the use of union dues for political activity has always been frowned upon in both the public and private sectors, the issue of union spending has remained a major topic of debate. For example, the AFL-CIO spent at least $35 million in 1996 in an effort to win back Congress for Democrats,
despite the fact that nearly 40% of union members routinely vote Republican in Congressional races. Then, in March 1998, the AFL-CIO requested that its member unions raise $13 million to augment its political treasury. In another example, organized labor spent an estimated $20 million in its successful effort to defeat the paycheck protection initiative in California in 1998. In addition, the AFL-CIO recently pledged over $26 million to support the 2000 presidential campaign (Al Gore). Therefore, many argue that unless closely monitored, unions would continue to use their members' dues for political activity despite the legal constraints—e.g., the U.S. Supreme Court in 1998 basically disallowed the use of union dues for political activity.

The Supreme Court in a landmark decision in 1998, in Communication Workers of America v. Beck, defined the term “agency fee.” This ruling applies to both public and private sector employees. A union may require all employees covered by a union security agreement to pay an “agency fee” which is designed to cover the cost associated with collective bargaining, contract administration, and grievance administration procedures. However, individual employees may opt out of any additional component of typical union dues that are related to “non-core” matters, such as political contributions and lobbying efforts. The Beck decision compliments previous Supreme Court rulings. In 1977 the Supreme Court ruled in Abood v. Detroit Board of Education that employees who object to political expenditures by their union are entitled to a refund of their money relating to that expenditure. In 1986 in Chicago Teachers Union v. Hudson the Supreme Court further held that unions have to provide objecting members with information relating to the unions' expenditure on collective bargaining and political activities. Finally, in 1991, the Supreme Court, in Lehnert v. Ferris Faculty Association, developed the following criteria for determining which activities can be funded by dues and fees of employees who object to having their dues used on political activities: (1) the activity must be relevant to collective bargaining and (2) it must be justified by the government's interest in promoting labor union services.

Paycheck Protection Legislation

The recent presidential campaign has once again highlighted the issue of union dues being used for political purposes. Congress and many states have enacted or attempted to enact new laws to add more legal constraints in this area. On the one hand, many argue that all that is needed is for the current laws as interpreted by the courts be implemented and enforced and no additional legislation is required. If the worker does not want his/her money used for political purposes, then he/she currently has the authority to prevent this from occurring. Others, of course, do not agree. To this end, several states and Congress have attempted to pass what are being called paycheck protection laws.
Congress has been unable to pass a paycheck protection bill as of October 2000. Prior to passing campaign finance reform in February 2002, the House of Representatives attempted to pass two bills on campaign finance reform that were defeated. One defeated measure included a bill to block the use of union dues for political purposes without members' consent (HR 2608). The other bill was defeated by the House in March of 1998 by a vote of 246 to 166. On that vote, 17 Republican Congressmen voted against the proposed legislation. The 17 votes by Republican Congressmen against the legislation is somewhat surprising since Republicans generally tend to support paycheck protection legislation.

The status of paycheck protection laws vary from state to state. Washington in 1993 became the first state to pass a paycheck protection law. Seventy percent of the voters supported the legislation, which allowed workers to opt out of paying dues for political activities that they do not agree with. In addition, the union could not penalize them in any way because of the workers' decision not to support their unions' political activity. However, voters in other states, such as California and Oregon, took a different position. For instance, a state initiative in California called Proposition 226 was defeated by voters in 1998. The initiative would have required unions to seek annual written permission from each member before using their dues to support political activity. A similar initiative in Oregon was defeated by voters in that state. Paycheck protection legislation has also been defeated in 12 other states. However, the loss of paycheck protection initiatives in Oregon, California, and the 12 other states did not signal the end to this controversy. The campaign for paycheck protection laws continues in state legislatures from coast to coast. As of this writing, paycheck protection legislation was being considered in approximately 30 states (e.g., in Florida, Montana, Utah, Nevada, and Colorado).

**Conclusion**

The debate over the use of union dues for political activity will continue. Even though the laws are clear that workers can prevent their money from being used for political purposes, this issue remains controversial. It's safe to say this remains a dynamic issue with the closeness of the recent presidential election as an example- Republicans are generally in favor of paycheck protection legislation and Democrats opposed. Ten years ago, some experts were suggesting that the power of unions as a political voice had lessened. However, recent figures on campaign contributions suggest this conclusion may not be true. Therefore, it's safe to assume that this issue will continue to be debated in Congress and in state legislatures from coast to coast.


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Notes

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