Responsibility for Human Resource Management in North Carolina Municipalities: Findings and Recommendations

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Human resource (HR) management is a vital and influential function for organizations because it directly influences the attitudes, the performance, and the behaviors of employees. "[It] deals with the design and implementation of systems in an organization to ensure the efficient and effective use of human talent to accomplish organizational goals."[1] Human resource management consists of numerous functions related to the management of employees, ranging from recruitment and hiring to strategic planning for workforce development. Responsibility for the myriad HR management functions can be distributed in several arrangements: it may rest with a central HR staff, be decentralized to municipal department managers, or be shared, depending on an organization's needs, challenges, and goals.

This article presents the findings of a study of the ways in which North Carolina municipalities distribute responsibility for the numerous essential HR functions. The allocation of HR functions is fundamental to management because it clarifies the roles and the responsibilities of managers. Also, different arrangements of HR responsibility have different benefits and challenges. Understanding the distribution of HR functions answers the question, Who is responsible?[2]

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> **Different arrangements of HR responsibility have different benefits and challenges. Understanding the distribution of HR functions answers the question, Who is responsible?**

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Models of Human Resource Authority

Centralization versus decentralization is a seminal debate in public administration and public management.[3] It is particularly relevant to management and distribution of HR functions.

Historically, centralization of authority in an HR office has been the preferred model.[4] Centralization has been thought to ensure consistency in the delivery of HR services, to promote efficiency gains through economies of scale, to preclude undue partisan influence on employees, and to delineate the roles of a central HR office and multiple municipal departments.[5]

At the other end of the continuum is a decentralization of functions. This arrangement gives department managers increased authority over and flexibility in management functions and thus allows them to tailor HR practices to department needs.[6]

Recently the concept of shared responsibility between an HR office and a municipal department has gained attention as an innovative way to distribute HR responsibility.[7] Sharing enjoys the benefits of centralization, including economies of scale and consideration of broad governmental concerns, while reaping the advantages of customization for different municipal departments.

Table 1. **Current Distribution of HR Management Functions**

Function	Centralized		Shared		Decentralized		Other	
	Responses	Percent	Responses	Percent	Responses	Percent	Responses	Percent
RECRUITMENT & TESTING								
Advertising open positions	16	89	0	0	0	0	2	11
Developing recruitment plan	5	28	5	28	8	44	0	0
Screening applications	4	22	3	17	11	61	0	0
Interviewing candidates	0	0	2	11	16	89	0	0
Developing tests	2	11	4	22	11	61	1	6
Administering tests	3	17	2	11	12	67	1	6
Scoring tests	2	11	3	17	13	72	0	0
HIRING								
Establishing list of qualified candidates	4	22	2	11	12	67	0	0
Conducting reference checks	0	0	4	22	14	78	0	0
Making appointment decisions	3	17	0	0	12	67	3	17
Making job offers	1	6	1	6	15	83	1	6
Putting new employees on payroll	17	94	0	0	0	0	1	6
ORIENTATION								
Coordinating benefits info/sign-up	17	94	0	0	1	6	0	0
Developing orientation	15	83	3	17	0	0	0	0
Conducting orientation	15	83	2	11	1	6	0	0
TRAINING								
Developing department training	1	6	3	17	13	72	1	6
Conducting department training	1	6	4	22	13	72	0	0
Evaluating training & courses	0	0	4	22	11	61	3	17
Tracking training & courses	3	17	5	28	9	50	1	6
PERFORMANCE EVALUATION								
Developing PA instruments	11	61	4	22	3	17	0	0
Administering PA instruments	0	0	2	11	16	89	0	0
Establishing performance expectations	0	0	3	17	14	78	1	6
Determining compensation	7	39	1	6	7	39	3	17
Determining promotions	0	0	2	11	13	72	3	17
PLANNING & ANALYSIS								
Conducting pay studies	14	78	0	0	0	0	4	22
Doing workforce planning	5	28	6	33	3	17	4	22
Conducting job analyses	12	67	1	6	1	6	4	22

Note: The sample size is 18. Also, percentages may not add up to 100 because of rounding.

Research Questions and Methodology

Although there is no one best way to distribute HR functions, municipal officials can learn lessons and gain insights from an understanding of how other municipalities distribute responsibility. By asking the questions, What is the current distribution of HR functions? and What is the ideal distribution of HR functions? the survey reported in this article examined practices and preferences in North Carolina municipalities. Also, to provide additional insight into the relationship, the survey sought information on respondents' satisfaction with HR functions and the current distribution.[8]

The survey asked respondents to indicate who in their municipality has primary responsibility for twenty-six HR functions, which can be grouped into six broad categories:

- Recruitment and testing
- Hiring
- Orientation
- Training
- Performance evaluation
- Planning and analysis

I gathered data from HR directors, fire chiefs, planning directors, and public works directors.[9] Because organizational dimensions and the complexity of HR functions vary according to the size of the municipality, I included only the twenty cities with populations between 25,000 and 125,000.[10] Of these I excluded two that did not have the four surveyed departments, because I wanted comparability. The resulting size of the sample was eighteen.

In all eighteen municipalities, one or more officials from the four surveyed departments responded to the survey. Three municipalities had a 100 percent response rate (that is, all four officials responded), eight a 75 percent response rate, six a 50 percent response rate, and one a 25 percent response rate. In total, there were forty-nine respondents, for an overall response rate of 68 percent.

For each HR function, I asked respondents to indicate whether respon-

sibility was with the HR department, a municipal department, a vendor, or another source. Responses were not mutually exclusive, so respondents could mark any combination of responsibility and thus reflect the extent to which responsibility is distributed and the variety of different ways in which it can be constructed.[11] I also asked fire, planning, and public works departments to indicate their satisfaction levels with the HR department and the current distribution of HR functions, in general. I analyzed the data at the individual, municipal, and department levels to determine how distribution of responsibility was perceived from various perspectives.

Findings

Finding 1: Currently, most HR functions are decentralized to municipal departments.

In mid-sized North Carolina municipalities, the majority of HR functions (65 percent) are decentralized to departments. A smaller set of HR functions is centralized, and responsibility for one function is shared.[12] (For a breakdown of these findings, see Table 1, page 33.)

Municipalities reported that six of seven recruitment-and-testing functions are typically decentralized to municipal departments. Only one function is commonly centralized: advertising open positions. An explanation for this is that municipalities probably are taking advantage of economies of scale. Centralizing advertising in the HR office is less expensive than having each department manage the function. Developing a recruitment plan, screening applications, interviewing job candidates, developing tests, administering tests, and scoring tests all are typically department responsibilities. The decentralization of these functions is consistent with literature suggesting that decentralization allows managers to adapt to changing recruitment challenges and gives managers discretion to match recruitment and testing to their departments' specific needs.[13]

Eighty percent of hiring functions are typically decentralized, including establishing a list of qualified candidates, conducting reference checks, making appointment decisions, and making job

Training for new firefighters includes suiting up in two minutes' time.

offers. The decentralization of these functions provides more accountability to departments and gives managers more discretion in whom they hire.[14] The only hiring function that is usually centralized is putting new employees on the payroll. An explanation for the centralization of this function is that it is a purely administrative one, specific to the HR office's area of knowledge and expertise.

The one category that was typically centralized was orientation functions, including coordinating benefits information and sign-up, developing new employee orientation, and conducting new employee orientation. These are administrative and technical functions related to orientation. It can be inferred that orientation is centralized because of the need to present basic information consistently to new hires, including organization-wide policies and information. Centralization promotes standardization, stability, and predictability.[15]

By contrast, all training functions—developing, conducting, evaluating, and tracking—are primarily decentralized. The decentralization of training gives municipal departments the discretion to develop, conduct, and evaluate training in specific department functions, as needed.[16]

Performance evaluation functions tend to be decentralized, although the development of performance appraisal instruments often is centralized, probably because of the specificity and the expertise required. Also, the need for consistency and equity in evaluation makes centralized development of performance appraisal instruments more likely. Decentralized functions typically include administering performance appraisal instruments, establishing performance expectations, and determining promotions. Decentralizing performance evaluation functions is consistent with literature suggesting that giving this authority to department managers is most effective because managers are on the front lines and best able to evaluate employee performance.[17]

For one function in this category, determining compensation, distribution of authority is divergent. Thirty-nine percent reported that it is centralized, 39 percent that it is decentralized, and 17 percent that it is the responsibility of "other," probably the municipal manager. Only 6 percent reported shared responsibility. Most likely, the responses vary so much because many people in an organization take a keen interest in this topic.[18]

Planning-and-analysis functions are typically centralized or shared. Centralized functions usually include conducting pay studies and job analyses. The only function that a majority of municipalities reported as shared is doing workforce planning. One explanation for centralized or shared responsibility is that planning-and-analysis functions are focused on long-term municipal goals and strategies. HR personnel may be best suited to think strategically about human capital management in

> **The decentralization of training gives municipal departments the discretion to develop, conduct, and evaluate training in specific department functions, as needed.**

Table 2. **Ideal Distribution of HR Management Functions**

Function	Centralized		Shared		Decentralized		Other	
	Responses	Percent	Responses	Percent	Responses	Percent	Responses	Percent
RECRUITMENT & TESTING								
Advertising open positions	47	96	0	0	2	4	0	0
Developing recruitment plan	21	43	13	27	15	31	0	0
Screening applications	15	31	12	24	20	41	2	4
Interviewing candidates	3	6	9	18	37	76	0	0
Developing tests	6	12	9	18	25	51	9	18
Administering tests	13	27	9	18	23	47	4	8
Scoring tests	14	29	5	10	22	45	8	16
HIRING								
Establishing list of qualified candidates	12	24	11	22	25	51	1	2
Conducting reference checks	13	27	7	14	26	53	3	6
Making appointment decisions	2	4	7	14	39	80	1	2
Making job offers	9	18	2	4	38	78	0	0
Putting new employees on payroll	36	73	4	8	7	14	2	4
ORIENTATION								
Coordinating benefits info/sign-up	45	92	3	6	1	2	0	0
Developing orientation	34	69	12	24	2	4	1	2
Conducting orientation	31	63	13	27	2	4	3	6
TRAINING		11						
Developing department training	6	12	10	20	30	61	6	12
Conducting department training	2	4	7	14	31	63	9	18
Evaluating training & courses	4	8	14	29	27	55	4	8
Tracking training & courses	9	18	11	22	25	51	4	8
PERFORMANCE EVALUATION								
Developing PA instruments	18	37	14	29	10	20	7	14
Administering PA instruments	3	6	7	14	39	80	0	0
Establishing performance expectations	1	2	9	18	37	76	2	4
Determining compensation	15	31	9	18	20	41	5	10
Determining promotions	1	2	7	14	40	82	1	2
PLANNING & ANALYSIS								
Conducting pay studies	34	69	4	8	1	2	10	20
Doing workforce planning	14	29	16	33	17	35	2	4
Conducting job analyses	20	41	13	27	8	16	8	16

Note: The sample size is 49. Also, percentages may not add up to 100 because of rounding.

relation to an organization's goals. However, they need department information and involvement to complete planning, so they work with municipal departments to obtain these benefits.[19]

Finding 2: There is some disagreement within municipalities on the current distribution.

Under the previous finding, I discuss how responsibility for HR functions is distributed within a municipality on the basis of an aggregate analysis. Survey findings also can be analyzed for the level of agreement among respondents from the same municipality. The municipality still is used as the unit of analysis, but the variation in responses is captured. This type of analysis allows for greater understanding of whether there

is consensus or confusion within a municipality on who is responsible, regardless of what the identified current distribution is.

There is disagreement on the current distribution of responsibility for some HR functions. Twelve of the twenty-six functions lacked complete agreement on how responsibility is currently distributed.[20] The eight functions on which a third or more of the municipalities surveyed had no agreement on the current distribution (zero percent of respondents within a municipality identifying the same distribution) included (in order of the percentage of municipalities reporting) doing workforce planning, determining compensation, conducting reference checks, screening applications, conducting job analyses, developing a

recruitment plan, developing tests, and establishing a list of qualified candidates. This finding is important because many of the functions involved are strategic or long-term planning components of workforce composition and development.

The seven functions on which a majority of municipalities had perfect agreement on current distribution (100 percent of respondents within a municipality recognized the same distribution) included (again, in order of the percentage of municipalities reporting) advertising open positions, coordinating benefits information and sign-up, interviewing candidates, making job offers, making appointment decisions, developing orientation, and conducting pay studies. This finding is noteworthy because most

Finding 3: Despite similarities between perceptions of the current and ideal distributions, respondents want more shared responsibility.

In general, respondents' views of the current distribution of HR responsibilities were similar to their views of the ideal distribution.[21] (For a breakdown of the findings on ideal distribution, see Table 2, page 35.) The biggest difference in perceptions was in shared responsibility, many respondents favoring more in the following six functions: administering tests, establishing a list of qualified candidates, interviewing candidates, making appointment decisions, doing workforce planning, and conducting job analyses.

Finding 4: There is some disagreement within municipalities on the ideal distribution.

As in finding 2, variation in responses on ideal distribution was captured by looking across individual responses within each municipality. For seven functions, a majority of municipalities had no agreement on the ideal distribution: determining compensation, doing workforce planning, conducting job analyses, developing a recruitment plan, establishing a list of qualified candidates, tracking training and courses, and developing performance appraisal instruments (in order of the percentage of municipalities reporting).

The functions that had a majority of municipalities in perfect agreement on the ideal distribution included advertising open positions; coordinating benefits information and sign-up; interviewing candidates; making job offers; and making appointment decisions (in order of the percentage of municipalities reporting).

Finding 5: The ideal distribution varies by department.

The ideal distribution of HR functions varies across the four departments surveyed (HR, fire, planning, and public works). For some functions there is greater consensus among the same departments in different municipalities than among different departments in the same municipality. HR respondents

would ideally centralize one-half, share one-fourth, and decentralize one-fourth of all functions. Fire, planning, and public works departments would ideally centralize one-third of functions and decentralize two-thirds. Although the specific functions vary, this similarity indicates that municipal departments want to have more responsibility for HR functions, whereas HR directors see a need for greater HR department involvement.

Finding 6: Respondents are satisfied with the current distribution of HR services.

Respondents were asked about their satisfaction with the current distribution of responsibility and with HR functions in general. A majority agreed that the current distribution of HR functions is effective. This finding is noteworthy, considering that there are differences between the identified current distribution and the perceived ideal distribution, as indicated earlier. Also noteworthy is that an overwhelming majority of respondents are satisfied with their HR department and HR services in general.

Recommendations

On the basis of these survey findings, three recommendations can be made to municipal managers who wish to clarify and improve roles and responsibilities for HR services.

Recommendation 1: Clarify responsibility for HR functions.

Currently there is some confusion or disagreement on who is responsible for various HR functions within municipal-

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ities, as shown in finding 2. This is problematic. In a worst-case scenario, no one is responsible, or there is extensive duplication. Municipalities should determine and communicate clearly who has responsibility for the various HR functions.

Responsibility for strategic planning functions is the most misunderstood. One explanation could be that these functions are rarely done.

Recommendation 2: Fine-tune distribution of responsibility.

Despite the identified need for additional clarification on responsibility for HR functions, finding 6 showed that for many North Carolina municipalities, department heads perceive the current distribution to be effective. Given this, managers should fine-tune distribution as needed but not completely overhaul the arrangement of responsibility for HR functions.

As shown in finding 1, currently all three models of distribution—decentralization, centralization, and shared responsibility—are employed. The majority of functions are currently decentralized, and many respondents perceived that to be ideal. Decentralization provides for management discretion and responsibility within departments and allows managers to make personnel decisions within the department.

Centralization and shared responsibility also are found in North Carolina municipalities. As noted earlier, centralization allows for economies of scale, technical knowledge and expertise of specific HR practices, and consistent and reliable HR service. Additionally, some HR functions, such as developing performance appraisal instruments, must

be centralized for legal or compliance reasons. Sharing combines the benefits of decentralization and centralization and allows the HR office to work directly with the municipal department on a particular function.

So, although decentralization of responsibility for some functions may be preferred, centralized or shared responsibility also is appropriate or even preferred. Municipalities should consider the type of function, the staffing capabilities, and the strategic goals of the organization when deciding whether or not a function should be decentralized, centralized, or shared.

Recommendation 3: Consider more shared responsibility for some HR functions.

Although respondents are generally happy with the current distribution, finding 3 shows increased interest in sharing responsibility for some HR functions, most notably planning-and-analysis functions. Given this finding, HR offices and municipal departments should evaluate the possibility of working together to identify the functions that would benefit from shared responsibility. These may be functions that are of particular importance to a department, or functions that are identified weaknesses for a department. Sharing responsibility allows an HR department to share its technical knowledge and expertise with departments and can lessen an HR department's responsibility for administrative functions that could be managed better by individual departments. However, procedural or legal HR functions most likely need to remain centralized.

Generally, municipalities should evaluate the best way to distribute responsibility. This should include an evaluation of when shared responsibility might be preferable. It should be done on a function-by-function basis, depending on the identified needs, challenges, and goals of the departments and the municipality.

Notes

1. JAMES A. BUFORD JR. & JAMES R. LINDNER, HUMAN RESOURCE MANAGEMENT IN LOCAL GOVERNMENT 5 (Cincinnati, Ohio: South-Western Inc., 2002).

2. Sally Selden et al., *Human Resource Practices: Findings from a National Survey,* 61 PUBLIC ADMINISTRATION REVIEW 598 (2001). HR has been studied from at least four perspectives: the management functions that comprise the field; the processes by which public jobs are allocated; the interaction among fundamental societal values that conflict over who gets public jobs; and the human resource systems in public organizations. HR refers to the policies, systems, and practices that influence employees' behaviors, attitudes, and performance. For example, an organizational structure that contributes to slow hiring processes, poor employee-training programs, or inadequate performance-appraisal systems can have an adverse effect on a municipality.

3. Carolyn Ban, *Toward Strategic Human Resource Management*: *The Changing Role of the Personnel Office*, in HANDBOOK OF HUMAN RESOURCE MANAGEMENT IN GOVERNMENT 6, 19 (Stephen E. Condrey ed., San Francisco: Jossey-Bass, 1998).

4. Centralization of HR services also was thought to be a way of making government more businesslike. BUFORD & LINDNER, HUMAN RESOURCE MANAGEMENT chap. 5, *Paths to Performance in State and Local Government*.

5. An indicator of centralized control is central authority for recruiting, testing, and hiring functions. See *id*.

6. *Id*.

7. *Id*.

8. The survey was adapted from a 2001 Government Performance Project survey. The Government Performance Project is a six-year research initiative of the Maxwell School of Citizenship and Public Affairs, Syracuse University, evaluating the management capacity of federal, state, and local government entities.

9. I surveyed HR directors because of their titled responsibility for HR functions (94 percent response rate), fire chiefs to provide the perspective of a public safety department (78 percent response rate), and planning directors and public works directors to provide the perspectives of line departments (50 percent and 44 percent response rates, respectively). Each municipal department offers a unique perspective based on its varied responsibilities within a municipality. The selection of these departments also provides the perspective of HR department "customers" within municipalities.

10. Interview with Becky Veazey, President of Management and Personnel Services, in Chapel Hill, N.C. (Oct. 2003). The study includes all North Carolina municipalities within this range, for a total of eighteen. Some smaller municipalities do not have a dedicated HR department. Some larger municipalities rely on satellite HR staff in municipal departments and therefore have distribution issues that are common only to the largest municipalities. Cities within the range that did not have the four surveyed departments were excluded.

11. When I had collected all the responses, I condensed and recoded the data according to the standard terms "centralized," "shared," "decentralized," and "other." This allowed for comparisons among municipalities on how HR functions are distributed. To determine the current distribution of HR functions, I assumed that the function can be distributed in only one way ($n = 18$). To determine the ideal distribution of HR functions, I considered all responses ($n = 49$) because all respondents had an opinion.

12. The current distribution was identified by looking at total responses from each municipality and identifying the distribution most frequently cited, or the one cited by the HR department. For this finding, results are reported on the municipal level ($n = 18$).

13. BUFORD & LINDNER, HUMAN RESOURCE MANAGEMENT chap. 5.

14. Steven W. Hayes, *Staffing the Bureaucracy*, in HANDBOOK OF HUMAN RESOURCE MANAGEMENT IN GOVERNMENT, at 298.

15. BUFORD & LINDNER, HUMAN RESOURCE MANAGEMENT chap. 5.

16. Donald E. Klingner & John Nalbandian, *Doing Public HR in the United States*, in PUBLIC PERSONNEL MANAGEMENT: CONTEXTS AND STRATEGIES 35 (5th ed., Upper Saddle River, N.J.: Prentice Hall, 2003).

17. Donald E. Klingner & John Nalbandian, *Strategic Thinking about Human Resources Management*, in PUBLIC PERSONNEL MANAGEMENT, at 62.

18. BUFORD & LINDNER, HUMAN RESOURCE MANAGEMENT chap. 2.

19. Klingner & Nalbandian, *Strategic Thinking*.

20. Data analyses showed how many municipalities had 100 percent, 75 percent, 67 percent, 50 percent, or 0 percent agreement on the current distribution. To determine the level of agreement, all respondents' answers were compared within each municipality to see how many respondents from the total within a city (e.g., three of four, or two of three) agreed. The total numbers of municipalities with 100 percent agreement, 75 percent, etc., were compared and tallied. Tables detailing this finding and findings 3–6 are available from me at kirst_o@hotmail.com.

21. For this finding, I tallied all responses from all respondents to determine how many respondents preferred which distribution for each HR function. I then compared the responses favoring the current distribution with those favoring the ideal distribution to show any similarities or differences.