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**Challenges for Public Sector Human Resources Management:**  
*Competitive Recruitment & Retention Strategies in a Challenging &  
Dynamic Labor Market*

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## **INTRODUCTION**

Recent demographic and economic changes have drastically altered the characteristics of the present labor market. The market has affected both the private and public sectors, and has forced organizations from both sectors to compete on a strategic level. Various private sector organizations have developed diverse strategies to actively participate in the highly competitive and dynamic market. All levels of the public sector, too, must take an active role in competing for talented and competent employees. Government organizations must develop an organizational philosophy that encourages the competitive spirit. That philosophy involves organizational acceptance and appreciation for the human resources management role as being a key strategic player in the decision-making process. Essential to that role is the recruitment and retention of talented individuals who possess an aptitude to embrace and execute the organizational goals and mission.

This paper presents both practical and theoretical support for the contention that governmental organizations must strengthen its position in the labor market by incorporating the human resources management role into its central organizational short-term and long-term vision. Possessing an organizational structure that places human resources management in a navigating and consulting role, labor market competitiveness will undoubtedly be achieved. In their efforts to competitively recruit and retain, public sector employers must take into account the complexities of the ever-changing labor market, organizational philosophy, and the design and development of key strategies. Investment in the organization's competitive edge can also be achieved by an organizational comprehension of recent efforts of innovation by other government and private-sector entities. Such internal and external strategies will be the final

piece to the puzzle for organizational decision-makers and human capital leaders in their search for an educated, experienced, and committed workforce.

### **LABOR MARKET COMPETITION**

Throughout the stages of development for a competitive action plan, organizational stakeholders must recognize and be, “alert to the changing characteristics of the labor market” (USGAO Human Capital: Self Assessment, 1999. p. 16). Whether the national economy is moderately healthy or showing signs of recession, turnover and attrition factors force organizations to constantly search for a talented workforce. The United States Bureau of Labor Statistics reports that from February of 1997 to February of 2001, the unemployment rate has fluctuated between 5.3 percent and the relatively healthy 4.2 percent (USDL, March 2001). Although this translates into a strong and positive indicator for the overall health of the economy, it depicts a very challenging picture to hiring managers in both sectors. In addition, it has been recently reported that from, “now through 2004, the percentage of the population that is in the workforce will grow by a minuscule .01 percent annually” (Albrecht, February 2001). Another factor that contributes to the need for effective and defined recruitment and retention action plans include the aging sector of the labor market and their trend for population growth through 2040 (Lipiec, 2001, p. 140). With an unemployment rate remaining historically low, information indicating that the workforce population will grow at a considerably low rate, and the issue of age diversity in the workplace, both the private and public sectors must be prepared for further hiring challenges and potential shortages.

To cope with the supply and demand dynamics of the market, “private sector organizations [have] placed particular emphasis on maintaining a pool of employees who exhibit competencies that [are] essential to achieving the organization’s mission and goals” (USGAO

Human Capital: Key Principles, 1999. p. 12). In addition, the implementation of “human capital policies and practices that [are] designed to competitively hire, develop and retain employees with the desired competencies” have been a top priority to private sector organizations (USGAO Human Capital: Key Principles, 1999. p. 12-13). For example, monetary compensation and incentives, including bonuses related to organizational performance (e.g. stock options) and individual performance incentives, allow the private sector to develop a competitive advantage over the financially restricted public sector. In order to compete on a similar level, the public sector, too, must address the issues of the market and develop an organizational philosophy that represents true dedication and commitment to the human resources management function.

#### **HUMAN RESOURCE MANAGERMENTS – AN ORGANIZATIONAL PRIORITY**

While recognizing the complexities of the labor market, both on domestic and global levels, altering management techniques and organizational philosophy regarding the human component is also essential. The human resources management functional capabilities have a central focus on the management of the firm’s human capital. More specifically, the function consists of “recruiting, developing, and retaining the highly skilled people needed for an organization to pursue and achieve its goals” (Hess, Siciliano, 1996. p. 242). In its primary role, the human capital management team is essentially a “strategic customer service agent for the organization and community; acting as a consultant-like body for all other parts of the organization” (Lipiec, 2001, p. 141).

Possessing the perspective that human resources management is central to the organization should be a primary aspect of the organizational vision and culture. Private sector firms have significantly raised the bar by integrating a “holistic view of the organization” into the human resources management role (Lipiec, 2001, p. 142). “Private sector organizations

include human capital functional staff on management teams rather than isolating them organizationally” because there is a strong perception that the organization’s human component is directly related to the long-term performance of the organization (USGAO Human Capital: Key Principles, 1999. p. 7). For example, in response to the economic downturn in the 1990s and the increasing need for globalization, IBM amended their organizational mission to include the human resources management function at all levels (USGAO Human Capital: Key Principles, 1999. p. 7). IBM organized “a group of human capital staff, referred to as HR Partners, to serve as internal consultants who worked directly with management teams throughout the organization” (USGAO Human Capital: Key Principles, 1999. p. 8). This not only provided increased communication between human resources professionals and line managers, but the initiatives also resulted in “human capital programs that supported individual and strategic goals of improving profitability and market share within their respective industries” (USGAO Human Capital: Key Principles, 1999. p. 8). Another change in an organizational mindset can be witnessed by the development of the Johnson and Johnson mission statement. Their credo promotes an appreciation for the human component. It states that:

We are responsible to our employees, the men and women who work with us throughout the world. We must respect their dignity and recognize their merit.

(Hess, Siciliano, 1996. p. 139)

Mission statements and organizational cultures that embrace and accept the human resources function, as witnessed by the aforementioned, are essential to the future performance of an organization. Within all levels of the public sector a change must occur that recognizes “human capital issues [as being] of strategic importance to the overall management” of the organization (USGAO Human Capital: Key Principles, 1999. p. 6). Human resources

management “is arguably the most critical activity in government because of the provision of government services depends on the efforts of a broad spectrum of [public] employees” (Banovetz, Dolan, Swain, 1994. p. 281). During the Clinton-Gore Administration, combined National Partnership for Reinventing Government and Congressional action addressed reforms such as “financial management, information/technology management, and performance-based management” (USGAO Human Capital: Self Assessment, 1999. p. 1). Though the National Partnership for Reinventing Government addressed human resources management philosophy via suggested priorities in empowerment, hiring practices and decentralization, the United States General Accounting Office (GAO) argues that the proposed actions have yet to occur. In addition, the GAO admits that the “plan to strategically manage [and develop] their most important asset – their people and human capital” has been notably absent from many federal agencies’ annual performance plans” (USGAO Human Capital: Key Principles, 1999. p. 1). “As the nation’s largest employer, the federal government needs to take the initiative on human capital and seize the opportunity” by actively promoting human resources management as a priority in the organizational philosophy and behavior of the state (USGAO Human Capital: Self Assessment, 1999. p. 1).

Altering the organization’s philosophy or mission to include the human capital component is the basic foundation to a competitive action plan. Human resources decision-makers must have the knowledge and support to provide effect mission guidance and to participate with line managers and staff in developing and implementing human capital approaches (Lipiec, 2001, p. 138). More specifically, such a role must be reinforced with carefully crafted strategies that address the recruitment and retention needs of the organization.

## **STRATEGY DEVELOPMENT - RECRUITMENT**

Despite recently announced layoffs and downsizing efforts by organizations throughout the country, “it’s imperative that human resources management professionals know where to find potential recruits” (“Networking Rules”, 2001). “Recruiting, hiring, developing, and retaining employees who have the specific knowledge, skills, abilities and behaviors needed to support missions and goals enable the organization to achieve high performance,” and enhance their competitive ability (USGAO Human Capital: Key Principles, 1999. p. 6). In order to compete, the organizational success depends heavily upon the “considerable imagination and initiative [that] is needed in developing recruitment [and retention] programs” (Banovetz, Dolan, Swain, 1994. p. 266). The two areas of concern, recruitment and retention, must be individually addressed in order to fully understand their strategic importance.

The act of recruiting is the organization’s ability to sell their culture and opportunities to individuals who are in search of employment, while simultaneously matching the needs of the organization with the qualifications of the individuals. The most logical tool for recruitment is outreach. Within this analysis, three areas of outreach will be discussed as possible strategies for the successful recruitment: e-recruiting technology, college and student networking, and the utility of the minority population.

The first outreach strategy is the utilization of technology, via online recruiting resources. Since the end of the last decade, the private sector has been tapping into numerous avenues of Internet communication and e-recruiting technology. Via online job posting hubs, private sector hiring managers have been advertising employment opportunities to millions of potential new employees. The public sector has begun to utilize the Internet by way of the assistance of not-for-profit organizations such as the Center for Technology in Government (CTG), based in Albany, New York. The CTG “works with government to develop information strategies that

foster innovation and enhance the quality and coordination of public services” (Center for Technology in Government, 2001). With such assistance, most state governments have begun to develop job-posting tools within their main web pages. For instance, the state of Wisconsin has utilized their “Jobs On-line Bulletin Service” (JOBS) since 1993 as a central and immediate location for potential job candidates to gain access to job vacancy information through personal computers (Lavigna, 1996. p. 430). This outreach tool is recently being attributed to approximately 50,000 website visits per month (Lavigna, 1996. p. 431). Though internally created online tools are essential, government entities must also attempt to employ similar external web sites as being used in the private sector. This will enable government entities to communicate to a broader portion of the general public that employment in the public sector is a viable and competitive option to positions that are available in the private sector. For instance, numerous private sector organizations develop partnerships with national recruitment sites such as Monster.com and Dice.com, which act as the liaison between the hiring organization and the potential candidate. Governmental organizations, too, can take advantage of such exposure by developing partnerships with public, non-profit and private sector organizations. From state municipal associations (e.g.: the Maine Municipal Association) to the Society for Human Resources Management, internet-based recruiting tools and online partnerships are available for publication to millions of potential candidates who frequently visit the related sites.

The second recruitment tool involves communication with students in secondary and graduate school programs. Just as large organizations, such as Mass Mutual and General Electric, have been utilizing college recruitment strategies for years, government entities, too, must entice and attract college graduates to public sector employment. As a prime communication tool for human resources professionals, developing relationships with students and schools can be quite

beneficial for both students and organizations. From career-based internships to career-fairs and on-campus interviews, government agencies have a wide variety of opportunities to sell their specific organization to individuals on a face-to-face basis.

With internships, both the student and employer develop a professional relationship that presents a glimpse of what each party has to offer. In the short-term, the student intern receives unmatched experience in his/her field, and the employer is able to fill a temporary position without incurring the costs of providing health or other non-salary benefits. The long-term results for both the intern and employer involve the opportunity to potentially satisfy a supply and demand void that exists at the conclusion of the internship. If the employee has performed at a level relative to the needs of the employer, both parties could satisfy the supply and demand for employment and labor by continuing this relationship beyond graduation.

In addition to internship opportunities, developing relationships with students via career fairs and on-campus resources is also a beneficial option. Undergraduate and graduate students have at their disposal a pool of information and guidance from career fairs and on-campus relationships. The wealth of resources is not confined to the student however, but rather is available for the outside community as well. Public sector organizations must open their doors to colleges concentrating in public sector-specific studies, business and arts/science where the exposure to talented individuals is widely available. The opportunity to develop networking relationships with college career centers and other school-based functions provide numerous avenues to achieving the goal of establishing a well-educated and talented pool of candidates. For instance, the Society for Human Resources Management recommends that organizations “participate in on-campus events and develop an orientation program geared specifically to these new hires” as way of developing and expanding the relationships between the organization and

institution (“Networking Rules” 2001). As a matter of fact, the Wall Street Journal recently reported that “networking and personal contacts rank as the most used and most effective search tactics by both job seekers and employers” (“Networking Rules” 2001).

As an exemplary recruitment practice in the area of college relations, the state of Wisconsin has taken an inventive approach to gaining access to a talented pool of candidates. Due to the fact that public sector organizations heavily compete with private sector firms for entry-level candidates from colleges and universities, Wisconsin developed an innovative and competitive outreach strategy that battles the flexibility of “corporate recruiters and their hire on the spot approach” (Lavigna, 1996. p. 426). Their “Entry Level Professional Program” (EPP) allows agencies within the state to assess entry-level and recent college graduate applicants without requiring them to take multiple-choice exams,” which will in the end “allow them to hire candidates faster” (Lavigna, 1996. p. 426). By allowing the hiring agencies to develop “comprehensive recruitment plans” and “strategies to evaluate applicants,” the flexibility of the recruitment functions results in a larger number of qualified candidates” and direct participation by the hiring agency (Lavigna, 1996. p. 427). Recently, the EPP was reported to have drastically improved their timeliness of the hiring process. It was found that lists of qualified candidates were created in about 35 calendar days, which was more than 30 days faster than before (Lavigna, 1996. p. 427).

The third outreach strategy is an organization’s opportunity to utilize the diverse characteristics of the ever-changing labor force. Partially directing recruitment strategies to various pockets of the labor market (e.g.: older generations and minority populations) will greatly assist in satisfying the labor demand. A recent AARP (formerly known as the American Association of Retired Persons) study found that, “80 percent of the baby boomers, those born

between 1946 and 1964, plan to work at least part-time after their normal retirement age. Roughly a third (35 percent) plan to work for their own interest and enjoyment, and about a quarter (23 percent) plan to work because they want income” (Albrecht, February 2001). Though there is a misperception that older workers are less productive, many contend that seasoned workers “bring a whole wealth of knowledge and experience as well as a very strong work ethic” (Albrecht, February 2001). Rocco Fragonei, a former retired Town Supervisor and Council Member for an Albany, New York, area community, agrees that the misperception exists. He states that, “age discrimination is everywhere, but more so in the workplace” (Fragonei, April 19, 2001). After being constantly “bored” after retirement, and in need of new “challenges,” Mr. Fragonei sought to apply his experience and knowledge by returning to the working world (Fragonei, April 19, 2001). Years of professional experience resulted in a new post-retirement position for Mr. Fragonei. The New York Office of the State Comptroller recently recruited him for a project management position in the Press Office.

Recently speaking to the University at Albany student chapter of the Society for Human Resources Management, Margaret Davenport, Vice President of Human Resources Management for the Golub Corporation, addressed the issue of managing age diversity. Just as the State Comptroller’s Office recognized the talents of Mr. Fragonei and was able to satisfy their demand for an experienced staff member, Ms. Davenport agrees that such open-minded and strategic thinking is vital to the continued success of an organization. She states that, “the future of recruitment strategies will definitely include older generations” (Davenport, March 15, 2001). From the ages of 45 to 60, Ms. Davenport believes that employees are “entering a transition period, where planning for the next stage in life (i.e.: retirement) is of major concern and work becomes less of a priority” (Davenport, March 15, 2001). Between the ages of 61 and 65, she

suggests that “early retirees are coming back to work for a secondary income and health insurance benefits” (Davenport, March 15, 2001). For those employees over the age of 65, she believes that their motivation and commitment to the organization involves their “life-work balance” and the desire to satisfy their need for social interaction (Davenport, March 15, 2001). From compensation and training to work scheduling and design, Ms. Davenport suggests that these areas of human resources management will demand serious attention by organizational leaders (Davenport, March 15, 2001).

To address the various needs of the retiring baby boomers and older generations, many practitioners suggest that “understanding the psyche of each generation” will greatly assist in relating to each group (Pomeroy, 2001). For instance, the baby boomers thrive on work and have a succinct need for recognition and approval from their peers and superiors (Pomeroy, 2001). On the other hand, “tradition and history are important to the World War II generation, and their needs involve both security and stability” (Pomeroy, 2001). By developing recruitment strategies that provide genuine attention to the needs of the aging generations, the demand for labor can be severely diminished. Both private and public sector hiring managers will soon realize that age diversity will not only be a term coined by the change in the composition of the population, but will also recognize it as a strong tool to satisfy the demand for a knowledgeable and committed labor force.

The other sector of the population that is underutilized, but has enormous potential, is the minority population. While recognizing the need to provide equal opportunity to all potential hires, regardless of race, gender, religion, and age, human resources professionals must realize that emphasizing recruitment strategies in geographic and economic areas where minorities are characteristic of the actual community will satisfy the recruitment demand. By providing

targeted recruitment strategies to minority individuals, the public sector will be able to competitively make use of an underutilized market. The Bureau of Labor Statistics reports that the unemployment rate for African Americans and Hispanic Americans are well above the national average of 4.2 percent, at 7.5 percent and 6.3 percent respectively (USDL, 2001).

In addition to recent labor supply data that supports the need to advantageously pursue this sector, the fact that it provides for the organization a better representation of the demographics of the community is also fundamental. For example, in Santa Ana, California, where the population is substantially diverse, there is an incredible response by government with regard to targeting minority outreach and recruitment (Ban, Riccucci, 1997. p. 76). Creating “outreach plans” to determine the outreach “priority of various department jobs by comparing the existing diversity within job categories throughout every level of the department will properly address the need to access 75 percent of the community of which are of ethnic background (Ban, Riccucci. 1997. p. 76). Through very aggressive recruitment, the city is able to create a pool of applicants for job openings that will meet designated entry requirements. In response to this activity, there has been positive community feedback that correlates to the successful delivery of service and recent resident interaction with the local government workforce (Ban, Riccucci. 1997. p. 76). Diversifying the employee-base by utilizing targeted outreach plans will promote an open-minded workplace reputation for the organization’s future recruitment efforts.

Another example of a recruitment strategy affecting the minority population is college loan assistance. To increase the number of college-educated, minority employees in the city government, University City, Missouri, offers four-year college scholarship loans. “Qualifying applicants earn money and on-the-job experience while pursuing their college degrees. Upon

completion of their degree, candidates have 20 percent of their loan forgiven for each year of full-time service in the city's employment" (Banovetz, Dolan, Swain, 1994. p. 268). The key to their success has been the recognition that "efforts to improve employee opportunities for women, minorities or disabled workers need not conflict with merit system concepts" and that opportunities for work related benefits are available to all eligible employees. (Banovetz, Dolan, Swain, 1994. p. 269). In a city where over 51 percent of the population is of minority status, the city has recognized the need to recruit a workforce that is representative of the community's demographics.

### **STRATEGY DEVELOPMENT – RETENTION**

Not only is employee recruitment a top priority for human resources managers, retention of that same workforce is also paramount to the success of the organization. If millions of dollars are spent on communication and outreach programs, but commitment to the individual once he or she is in the organization is not applied at the same level, then the organizational goals and mission will not be satisfied. Organizations must "follow up recruiting with the appropriate investments to developing and retaining the best possible workforce" (USGAO Human Capital: Self Assessment, 1999. p. 17). There are three areas of employee retention that allow organizations to maintain their present workforce.

The first area of commitment involves "formal training and development" of the employee base (USGAO Human Capital: Self Assessment, 1999. p. 17). "Training helps maintain the effectiveness of personnel, ensuring that employee efforts are consistent with established goals and objectives and that employees are able to meet new challenges" (Banovetz, Dolan, Swain, 1994. p. 281). The commitment to training expresses a concern for the long-term welfare and productivity of employees serving the community" (Banovetz, Dolan, Swain, 1994.

p. 281). This commitment must be reflective of the recruitment strategies and organizational culture as well. As previously stated, employing the minority populations will greatly satisfy the labor needs of both the private and public sectors. However, those organizations must reflect diversity in their training and the “leadership of the organization so that people of diverse backgrounds have realistic role models, supporters and proof of their opportunities for advancement” (Tulgan, January 2001). If organizational leadership perceives that training is not directly related to the retention of employees, then there can be negative repercussions. This leadership philosophy can cause “long-run” productivity losses and “more frequent and costly mistakes;” it can also be a cause for possible decreased retention (Banovetz, Dolan, Swain, 1994. p. 281). When the employer perceives that training opportunities are a vital benefit, the lack of such programs can act as a negative attraction point for present and future employees.

Many practitioners and theorists contend that training is the proverbial double-edged sword that induces both positive and negative consequences on employee recruitment and retention. Many argue that it can occasionally be the cause for turnover due to the inevitability that employees will utilize presently acquired on-the-job training in future employment opportunities. The cost to the employer, more specifically the investment in training and education, is perceived to be lost when the employee leaves the organization and applies those skills in a future employment situation. Though such concern exists, human resources management professionals must recognize that training is indeed a retention motivator and that related benefits outweigh possible costs. In 1998, a study was conducted by the Saratoga Institute in Santa Clara, California, that was based on the motivation to work in a chosen organization for 60,000 employees that had recently resigned from their jobs (Olesen, 1999. p. 49). The institute found that there was an “emergent population that defines loyalty differently” based on the

“confidence in their ability to do the work required in the company in the future” (Olesen, 1999. p. 49). That represents an employee movement toward education, mentoring, and growth opportunities. The institute suggests that this motivation towards gaining professional knowledge has instigated a new contract between the employer and employee; a contractual relationship that is competency-based (Olesen, 1999. p. 49). This study infers that turnover is suggested to decrease if training and educational opportunities are provided. The institute reports that if the workforce has the training it demands, “12 percent of the labor force will leave their current company,” but if training is not provided whatsoever, the institute suggests that over “41 percent will leave” (Olesen, 1999. p. 49). This relationship between training and retention should convince most organizational decision-makers that not only is employee training programs vital to maintaining a competent workforce, but also important to the costs associated with turnover.

The second retention tool that is largely successful in the private sector is the ability to develop and implement performance-based incentive programs. The nature of productivity and performance surrounds the satisfaction of individual needs. Many perceive that financial compensation is the sole motivator. However, many professionals and theorists beg to differ. Psychologist Abraham Maslow argues that employee needs fall into five categories: “physiological, security, social, esteem, and self-actualization;” needs that involve financial compensation, but that are not exclusively financial (Walsh, 1997. p. 139). Many contend that by promoting “internal competition at the expense of organizational teamwork [via financial rewards], employees might view extra cash payments as entitlements rather than rewards for exceptional performance” (USGAO Human Capital: Key Principles, 1999. p. 14). Performance-based incentive programs, which tap into related needs of the employee based on social acceptance and security, greatly assist in the retention of the employee base. For instance, during

the mid-to-late 1990s, the “key to Ben & Jerry’s human resources success lay in keeping employees at all levels involved in bottom-up decision making” (Harrison, St. John, 1998. p. C-309). The organization created ownership at all levels by utilizing “the management model of worker empowerment” (Harrison, St. John, 1998. p. C-309). Due to the fact that there is a severe restriction on financial compensation in the public sector, and given that it is unlawful to retain and devote to the employees earnings of the organization, utilizing empowerment and other non-financial incentive programs are definite alternatives.

For example, flextime “allows employees to make alterations in their work schedules” (Banovetz, Dolan, Swain, 1994. p. 284). The number of employers “offering flexible scheduling options is on the rise, according to recent research in the area of work/life benefits (Clarke, 2001. p. 1). Compared with last year’s statistics, it has been reported that the usage of flextime as a retention benefit has increased from 58 percent of the employers surveyed to nearly 65 percent (Clarke, 2001. p. 1). Flextime assists in meeting “family demands on single parents or two-career families, or simply enables individuals to schedule more of their working hours during their more productive periods of the day” (Banovetz, Dolan, Swain, 1994. p. 284). Additional non-financial incentive-based programs are job-sharing and telecommuting. Job-sharing is “an arrangement in which two employees fulfill the responsibilities of one job. This plan can fit the needs of working parents who have valuable skills, but lack the time to meet the requirements of a full-time job” (Banovetz, Dolan, Swain, 1994. p. 285). While job-sharing may be geared toward working families, telecommuting is available for all employees to utilize. This activity allows individuals to perform some duties at home, rather than in the normal office environment. “Some employers have found that both employee satisfaction and productivity can be improved by permitting employees” to telecommute (Banovetz, Dolan, Swain, 1994. p. 285).

Considered to be one of the most visible and applicable retention strategies implemented by organizations is the tangible benefits' package offered to the workforce. Just as the previously mentioned strategies provide a balance in work-life needs, the opportunity for the organization to offer benefits such as health care and retirement options for employees address needs of security and well-being. During the past fifty years, the public sector has acquired a reputation of offering competitive health care and retirement benefits. The Federal Employees Health Benefits Program (FEHBP) has long been touted as a model for health system reform" for the federal workforce (Long, Marguis, 1999. p. 183). It has been reported that versus private sector health care plans, employees in the public sector are more likely to receive health insurance as part of their comprehensive compensation plan. Overall, "60 percent of private sector workers are enrolled in their employer's health insurance plan, compared with 79 percent of government workers" (Long, Marguis, 1999. p. 184). In addition, employees' choices of plans too are more available in the public sector. Many employees depend on the variety of health care plans whether they are part of a family or are a single head of household. "Only 43 percent of private sector health plan enrollees had a choice of plans, in contrast to 100 percent of federal employees and 70 percent of state and local government workers (Long, Marguis, 1999. p. 185).

Just as health benefits are a present concern for workers, so are short- and long-term retirement benefits. A recent report indicated that pension opportunities in government are sometimes more important than other compensation factors offered by private sector firms. Of three people interviewed in a recent study that switched over to public sector employment from private sector information technology firms, certain trends regarding pension benefits were present. Though issues such as opportunities for advancement and less job stress were factors in transferring to the public sector, the interviewers indicated that "pension for early retirement"

were top on their lists (Raths, 2000. p. 70). Whether the organization allows for attractive pension benefits, flextime or telecommuting opportunities, the organization will greatly profit by having a talented and stable workforce that appreciates the acts of commitment by the employer.

### **RECENT EFFORTS OF INNOVATION IN THE PUBLIC SECTOR**

The private sector has embraced the importance of recruitment and retention strategies, while the public sector has been slow to react to the onslaught of competition. The primary restriction at all levels has been the civil service system, which acts as a protective mechanism, but also as a “straightjacket” to innovation because of examination and merit policies (Gaebler, Osborne, 1993. p. 125). However, government entities are attempting to work within the civil service system and their respective legislative body regarding recruitment and retention policies. In 1993, the National Commission of State and Local Public Service “concluded that government agencies must “end civil service paralysis” by creating more responsive hiring systems and strengthen retention efforts (Lavigna, 1996. p. 424). Though some governments are attempting to bypass and totally decentralize the protective system, most governments are attempting to amend it.

An example of altering recruitment strategies to compete in the dynamic labor market is witnessed by the actions of the federal and various state governments. Until the recent slowdown in the economy, there was a significant shortage in the information technology sector of the labor market. “Many private-sector companies used gee-whiz ways to lure new hires, such as stock options and concierge services, not to mention flashier bonuses like the shiny new BMWs offered last year by Mirronex Technologies Inc., a Skillman, New Jersey-based IT consulting firm” (Sunoo, April 2000). The ability for the public sector to offer such extravagant incentives is impossible. “In the private sector, human resources [management] can use the profit motive in

bargaining and compensation, [but] in the public sector, which often has more limited resources and is accountable to elected officials,” the profit motivator is not available (Sunoo, April 2000). Yet, slowly, the government has been able to attract talented individuals. “Through a combination of benchmark surveys, training partnerships, task forces, and monitoring of IT legislation, the public sector is slowly regaining its stature as a worthy employer of choice” (Sunoo, April 2000). On the state level, effective recruitment methods such as “Internet advertising, college internships, hiring above the minimum of the pay range, IT job fairs, campus recruiting, and hiring outside the civil service test” have been effective (Sunoo, April 2000). In New York State, the Department of Labor even eliminated “written tests for IT professionals and implemented an education and experience only review” (Sunoo, April 2000).

Another example of altering recruiting and retention strategies involves the recent United States Office of Personnel Management (USOPM) decision regarding the repayment of student loans. Effective February 12, 2001, the USOPM now authorizes “agencies to establish a program under which they may agree to repay all or part of an outstanding federally insured student loan to facilitate the recruitment or retention of highly qualified professional, technical, or administrative employees” (USOPM, 2001). This repayment authority is one of several “flexibilities made available to agencies when trying to attract [or retain] individuals to the Federal service” (USOPM, 2001).

Other examples of innovation include tuition reimbursement, employee training initiatives, benefits-related programs, and job-sharing. Brentwood, Tennessee has a strong commitment to recruiting and maintaining a well-educated workforce. The human resources professionals of Brentwood “compensate employees for taking undergraduate-level courses and completing degrees related to their jobs” (Banovetz, Dolan, Swain, 1994. p. 266). Rebecca

Webb, Manager of Human Resources for the city, states that, “the program has been in place since 1993, and has been heavily utilized by various departments” (Webb, April 23, 2001). The program is based upon a “sliding scale,” which allows employees to “participate in 6-credit hours or up to nine hundred dollars per semester” (Webb, April 23, 2001).

In San Mateo, California, employee training is top on their agenda. This moderately sized community of 79,000 “established a training library in the city manager’s office, which contains a wide variety of city and management related topics” (Banovetz, Dolan, Swain, 1994. p. 281). Employees are encouraged to “donate training and conference tapes to the collection” so the continuous training and development of all employees can be achieved at an inexpensive, yet qualitative level (Banovetz, Dolan, Swain, 1994. p. 266).

With regard to previously mentioned health benefits as being a short- and long-term concern to the employee, many state and local governments have altered benefits packages to better satisfy the needs of the workforce. In Dunedin, Florida, the city developed a reward system that encouraged employee wellness and increased productivity (Banovetz, Dolan, Swain, 1994. p. 276). All hourly, non-salaried employees are offered the chance to earn a “lump-sum bonus of \$300 if they do not take any sick leave during the year and \$100 if they use less than eight hours of leave (Banovetz, Dolan, Swain, 1994. p. 276). The city reports that out of the city’s 452 employees, 44 percent received bonuses in 1990-1991 (Banovetz, Dolan, Swain, 1994. p. 276).

As previously stated, job-sharing provides a unique incentive to employees and employers who wish to fulfill the responsibilities of one job. In Novato, California, the local government employs “two professionals with graduate degrees in an administrative position. Recruiting was conducted in the same manner as for a regular position, but the job was

advertised on a job-share basis” (Banovetz, Dolan, Swain, 1994. p. 284). In addition to attracting highly qualified candidates, the city of Novato receives significant benefit because each person brings different skills and experience. “The city has had to pay only incidental extra costs for an additional work station,” and the city’s “contribution to benefits is split between the two employees” (Banovetz, Dolan, Swain, 1994. p. 284). The Human Resources Manager for the City of Novato, Dan Weakley, states that, “the program is initiated when two employees propose a job-sharing project, and is quite often fully supported by the organization” (Weakly, April 23, 2001). Not only does the employer benefit, but also the two individuals participating in this innovative employment opportunity are provided significant schedule flexibility relative to their professional and personal life. Though “women, in clerical or analyst positions,” typically utilize this program, it is available to all employees in the city of Novato (Weakly, April 23, 2001).

## **CONCLUSION**

A change in organizational philosophy, which supports the implementation of a strong and committed human resources mission, will demand effective and innovative recruiting and retention programs for the public sector. Governmental organizations must take the initiative and “realize that people are assets whose value can be enhanced through investment,” and incorporate that realization into the culture of the organization (USGAO Human Capital: Self Assessment, 1999. p. 1). If the aforementioned strategies and philosophy are not adopted by public sector organizations, future crises surrounding labor shortages and demographic shifts will place the government at a competitive disadvantage with private sector organizations that successfully utilize strategic integration of the human resources management function. Just as budgeting, planning and customer service functions have become strategic components of public

sector organizations, it is now time for recruitment, retention and other aspects of the human capital management function to receive top priority.



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